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COMMITTEE MEETING
STATE OF CALIFORNIA
INTEGRATED WASTE MANAGEMENT BOARD
MARKET DEVELOPMENT AND SUSTAINABILITY COMMITTEE

JOE SERNA, JR., CAL/EPA BUILDING
1001 I STREET
2ND FLOOR
SIERRA HEARING ROOM
SACRAMENTO, CALIFORNIA

WEDNESDAY, JULY 11, 2007
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMITTEE MEMBERS

Mr. Gary Petersen, Chair

Ms. Margo Reid Brown

Mr. Wesley Chesbro

BOARD MEMBERS ALSO PRESENT

Ms. Cheryl Peace

STAFF

Mr. Mark Leary, Executive Director

Ms. Julie Nauman, Chief Deputy Director

Mr. Elliot Block, Staff Counsel

Ms. Deborah Balluch, Executive Assistant

Ms. Catherine Cardoza, Supervisor, Local Assistance and
Market Development Division

Mr. Mitch Delmage, Manager, Local Assistant and Market
Development Division

Ms. Judy Friedman, Branch Manager, Sustainability Program

Mr. Glenn Gallagher, Staff

Mr. Jeff Hunts, Supervisor

Mr. Howard Levenson, Deputy Director, Sustainability
Program

Ms. Michelle Martin, Staff

Mr. Matt McCarron, Staff

Ms. Yasmin Satter, Staff

Ms. Diana Suarez-Arguelles, Staff

APPEARANCES CONTINUED

STAFF

Mr. Govindan Viswanathan, Staff

Ms. Elena Yates, Staff

ALSO PRESENT

Mr. Ryan Bailey, Sacramento County

Mr. Michael Blumenthal, Rubber Manufacturers Association

Mr. Ed Boisson, R.W. Beck

Mr. John Cupps, San Luis Obispo Integrated Waste
Management Authority

Ms. Tracy Harper, Recycling Coordinator, Nevada County
Unincorporated

Ms. Dana McIntosh, Environmental Services Coordinator,
City of San Clemente

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1 PROCEEDINGS

2 CHAIRPERSON PETERSEN: Good morning, and welcome
3 to the California Integrated Waste Management Board
4 Sustainability and Market Development Committee.

5 As a courtesy, please put your cell phones in the
6 silent mode while you are in our meeting today.

7 Deb, would you call the roll, please?

8 EXECUTIVE ASSISTANT BALLUCH: Brown?

9 Chesbro?

10 COMMITTEE MEMBER CHESBRO: Here.

11 EXECUTIVE ASSISTANT BALLUCH: Petersen?

12 CHAIRPERSON PETERSEN: Here.

13 Margo is not going to be here this morning.

14 Are all of us up to date on ex partes?

15 COMMITTEE MEMBER CHESBRO: Yes.

16 CHAIRPERSON PETERSEN: Good. Okay. Good. It's
17 just us.

18 Speaker request slips in the back of the room.

19 Fill it out and get it to Deb if you wish to speak today.

20 Is there anyone that wishes to address the
21 Committee today?

22 Good morning, Michael.

23 MR. BLUMENTHAL: Good morning, Mr. Chairman,
24 Board members. My name is Michael Blumenthal. I'm with
25 the Rubber Manufacturers' Association.

1 I come today to bring a follow-up on something we
2 talked about last month when I was here. It has to do
3 with the US/Mexico border issue and discussions in Mexico
4 with the Mexican Legislature.

5 Last month, I was in Mexico City. I did talk to
6 all three major parties about the tire issues or the lack
7 of any comprehensive program in Mexico. The following
8 week, there was a meeting of the Environment Committee of
9 the Mexican Legislature. This issue was on the table. It
10 was discussed. They recognize they don't have any
11 comprehensive plans. They don't have anything on tires
12 and that they will probably form a task force, and that
13 they will be looking into this on a nation-wide basis.

14 I'm working with some of the Mexican interested
15 parties down there, and they will continue talking with
16 the Mexican government. And on an as-needed basis, I'll
17 go down there and let them know what can be done.

18 Basically, I gave the same presentation I've been
19 giving for the last five years. At least now they are
20 more aware of what the situation is along the border. And
21 most of them have never seen the piles of tires that were
22 out there. So that is positive and that is moving
23 forward. So that's one of the things I want to talk
24 about.

25 Second item is we had talked about doing a

1 technical workshop in this state to discuss the
2 development of markets for scrap tires and infrastructure
3 for scrap tires along the California/Mexico border. This
4 would be in conjunction with the U.S. EPA. We're working
5 with EPA on this.

6 I'm pleased to say we have found a host agency.
7 We have a venue for this. We are working with the
8 University of California at San Diego, Dr. Paul Gansta.
9 We have a date, which is going to be September 6th. And
10 we have a venue. We already have a draft agenda. We have
11 a draft budget. We have a list of about 25 different
12 organizations that we will be contacting to bring them to
13 this meeting. We will also be making the contacts in
14 Mexico with the Mexican government, as we said we would.
15 They have interest and may send some people up there.

16 I want to find out the most appropriate way to
17 let this Board know, because, A, you do have a budget item
18 for these types of activities. This is a very good
19 opportunity for the Waste Board to be involved in this
20 type of activity. We want to bring in their expertise.
21 We are going to be discussing several of the Board
22 projects.

23 None of your staff people know about this. This
24 is breaking news. But I do have draft agendas. I have a
25 draft budget. I'd like to find out and get a feedback

1 what would be the most appropriate protocol to send a
2 letter to whom on behalf of whom by whom.

3 CHAIRPERSON PETERSEN: I think that would be
4 Mark; correct?

5 EXECUTIVE DIRECTOR LEARY: That's correct.

6 MR. BLUMENTHAL: Mark Leary.

7 And chances are, I will write it. I or the EPA
8 will send it. We probably will ask for some contribution
9 as well as a carte blanche on your involvement.

10 CHAIRPERSON PETERSEN: How about breaking news,
11 Michael. This is fun.

12 MR. BLUMENTHAL: This is what we're here for.
13 And I got up early this morning to make sure I had this
14 here.

15 So this is going to move ahead and is consistent
16 with what the Board has been talking about. And I think
17 it meets a lot of your ends as well. Looking forward to
18 working together.

19 CHAIRPERSON PETERSEN: One question. When you
20 visited with the central government, was somebody from the
21 border states involved in those discussions?

22 MR. BLUMENTHAL: No. The people who we met with
23 were more from the interior. That's not to say -- but one
24 of the things that we will be doing is we're working with
25 the Border Legislative Commission on which Senator Denise

1 Ducheny sits. She knows the folks in Baja, California,
2 north and south. She knows the state elected officials
3 there. Through her, I think we can get better contact.

4 CHAIRPERSON PETERSEN: I'm very interested in
5 this. Would you mind keeping the Board abreast of what's
6 going on and send me a memo on it?

7 MR. BLUMENTHAL: As soon as I get information,
8 I'll send it forward. Thank you very much.

9 COMMITTEE MEMBER CHESBRO: Mr. Chairman, going
10 back to -- no, this doesn't have to do with your comment.

11 CHAIRPERSON PETERSEN: Never mind, Michael.

12 COMMITTEE MEMBER CHESBRO: Going back to ex parte
13 reporting, I just wanted to report that tangentially
14 related to one of the agenda items today I had a
15 conversation with Roy Hanson, Progressive Bag Alliance,
16 yesterday afternoon with regards to plastic bags and
17 compostable bags and also getting beyond 50 percent.

18 CHAIRPERSON PETERSEN: Okay. Thank you.

19 Okay. Howard, you're up.

20 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Thank
21 you, Mr. Chairman.

22 Howard Levenson with the Sustainability Program.
23 I'd like to give you an update on a couple of items.

24 Before I do that, I want to respond that we have
25 been talking with Michael about this particular

1 conference. The breaking news obviously was the date and
2 more details. But we are talking internally and also
3 coordinating between our two major programs on border
4 activities. So we'll be working on that and keep you
5 informed.

6 Couple updates. One is related to climate
7 change. Wanted to let you know that the Institute for
8 Local Government, which is a nonprofit research arm of the
9 League of Cities, and CSAC started a new climate action
10 network to bring together local leaders to share
11 information, best practices, and case studies, and also to
12 develop a recognition and certification program for local
13 jurisdiction efforts related to greenhouse gas reduction
14 emissions. This would be similar to the kind of the U.S.
15 Green Building Council LEED certification program where
16 they're actually looking at what the jurisdictions are
17 doing and giving them certifications and awards.

18 There is a kick-off meeting on this next week I
19 believe, and there are plans to present preliminary
20 results of this effort at the League of City's conference
21 in the fall. So we have staff from Sustainability Program
22 involved. This fits in nicely with our strategic
23 directives and all of our work on climate change and green
24 building. So we'll keep you up to date on that effort.

25 Secondly, I wanted to let you know staff attended

1 the July 5th kick-off meeting of the Building Standards
2 Commission Green Building Focus Group. The Building
3 Standards Commission and the Department of Housing and
4 Community Development are co-sponsoring an effort to
5 develop a new section of the State Building Code as part
6 of their annual cycle that starts later this fall. They
7 are going to be drafting some green building standards
8 that will be available for public comment probably in
9 August, late July/early August. And then they intend to
10 have a focus group that works on those and refines them
11 further.

12 They'll also be convening a Green Building
13 Advisory Committee to work on the standards when they're
14 formally submitted in September. So we are seeking
15 membership on that Committee. We have attended some early
16 discussions and are hopeful to have our input as one of
17 the environmental agencies that would be affected by that
18 and would like to see some more of that incorporated.

19 So that's just starting. It's going to be a
20 quick process, because they're trying to adopt what's
21 feasible this year before the end of this year.

22 If they do become adopted, the Green Building
23 Codes that are adopted will become part of the overall
24 Building Code effective in 2011. It takes a while for it
25 to actually take effect. This obviously is part of or

1 fits in well with our strategic directive on green
2 building and trying to get Green Building Codes into
3 applicable regulation.

4 Lastly, before we move onto our lengthy agenda, I
5 just wanted to let you know -- not news to you but for the
6 public really, that upcoming agenda items, the one I want
7 to note, is in September -- two I want to note. In
8 September, we will have a major item on producer
9 responsibility to follow up from some of the work that was
10 done yesterday. So that's scheduled for the Strategic
11 Policy Development Committee.

12 And tentatively in October -- we are not sure of
13 the date yet -- but we are beginning to plan an organic
14 summit so we can bring stakeholders in and have a very
15 interactive day with Board members on where we should be
16 focusing our organics efforts. So we'll be getting dates
17 on that to you very quickly and then be working on a
18 format and agenda for that.

19 CHAIRPERSON PETERSEN: Do you have an invitee
20 list for that?

21 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: We'll
22 be working on that. I'm trying to pin down a date and a
23 room so we make sure we have that available. And then
24 we'll be working on agenda and invitees. We'll be passing
25 that back and forth with you.

1 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: That
2 would be great, because we might have some input into
3 that. Thanks.

4 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: That's
5 all I have. I'd be happy to answer any questions.

6 CHAIRPERSON PETERSEN: Any questions?

7 No. I think we are ready to go.

8 Oh, wait. I have to make this announcement,
9 Howard.

10 Item L on the Committee agenda, presentation on
11 Stars to Stripes -- Stripes to Stripes -- Stars to
12 Stripes, whatever, plastic bag recycling initiative, Board
13 Item 23, has been pulled from this month's agenda. We
14 anticipate that the item will be rescheduled in the coming
15 months. Too bad. I wanted to hear what they had to say.
16 Okay.

17 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Okay.
18 Let's start with Committee Item B, Board Item 13, which is
19 Presentation and Discussion of Covered Electronic Waste
20 Recycling Program Update and Net Cost Report Analysis.
21 And Jeff Hunts is going to introduce that item.

22 CHAIRPERSON PETERSEN: Good morning, Jeff.

23 SUPERVISOR HUNTS: Good morning, Mr. Chair,
24 Committee members.

25 (Thereupon an overhead presentation was

1 presented as follows.)

2 SUPERVISOR HUNTS: Good morning, Mr. Chair,
3 Committee members. We'll get the PowerPoint up there in
4 just a second.

5 The purpose of this item is to provide the
6 Committee a update on the progress of the implementation
7 of the Electronic Waste Recycling Act. And the real meat
8 of the item will be an in-depth discussion of the analysis
9 of what we call the Net Cost Report, a critical component
10 of the program.

11 Before we get into the update details, I'd like
12 to acknowledge the E-Waste Program was a large part of its
13 success and progress thus far through the wisdom and
14 guidance of the original team member who isn't here in the
15 room with us today but is always in our hearts and minds.
16 And want to wish Bob Conheim and his family peace at this
17 time. We love Bob.

18 --oOo--

19 SUPERVISOR HUNTS: Jumping right into the update,
20 the Act covers several things: Manufacturer
21 responsibility, consumer awareness. The heart and soul
22 though of the program is the payment system that's
23 intended to fund the recovery and recycling of covered
24 electronic waste, certain electronic waste, video display
25 devices. In particulate, cathode ray tube televisions and

1 monitors, LCD televisions and monitors, laptop computers,
2 gas plasma televisions, and effective July 1st of this
3 year, personal DVD players.

4 --o0o--

5 SUPERVISOR HUNTS: And this funding is provided
6 through an advanced recycling fee assessed at the time of
7 retail sales to California consumers. The 6, 8, or 10
8 dollar fee established by the Act, depending on the screen
9 size, that money goes into a fund from which the Board
10 makes recovery and recycling payments. Currently, those
11 payment rates are set at 20 cents a pound for recovery to
12 collectors and 28 cents a pound to recyclers.

13 --o0o--

14 SUPERVISOR HUNTS: The make up of participants
15 within the system, we have about little over 600 approved
16 collectors in the system thus far. Well over half are
17 California corporations or limited liability corporations,
18 individuals, and sole proprietorships. Only about 13
19 percent of the participants are local government agencies.
20 We have about 10 percent non-California corporations, and
21 about 10 percent non-profits or school oriented
22 organizations participating. Of those 600 collectors, a
23 little over 60 are approved recyclers, who are the
24 entities that demanufacture the devices and then submit a
25 payment claim to the Board.

1 --o0o--

2 SUPERVISOR HUNTS: Program revenue thus far and
3 projected -- and these numbers might be different than
4 what you're used to because we had been reporting numbers
5 in the past based on our start-up date of January 1st.
6 And we are trying to convert over to fiscal year.

7 \$41 million came in fiscal year 04-05. That was
8 the last two quarters of that year. 78 million in 05-06.
9 And we are projecting again 78 for the fiscal year that
10 just ended. And with the addition of DVD players, Board
11 of Equalization is projecting about \$83 million that will
12 come into the program.

13 --o0o--

14 SUPERVISOR HUNTS: And then that money is used
15 primarily to make recovery and recycling payments. At
16 program startup, fiscal year 04-05, we had about little
17 over \$11 million claimed on which we paid out a little
18 over \$10 million. In 05-06, over 45 million was claimed
19 and almost \$45 million was paid. And we are projecting
20 once all the claims come in for this past fiscal year, we
21 will have paid out for -- over \$68 million would have been
22 claimed, of which we'll be paying close to all of that.

23 --o0o--

24 SUPERVISOR HUNTS: That totals up to over 600
25 claims having been submitted to the Board, representing

1 over \$113 million. Or another way to say that is nearly a
2 quarter billion pounds of covered electronic waste. If
3 you do quick math, you can see each claim is averaging
4 almost \$200,000. The Board has taken on a significant
5 financial responsibility in operating this program.
6 Program is working closely with Department of Finance and
7 other organizations that have experience with operating
8 programs of this financial scale. And we are doing our
9 best to safeguard the fund.

10 --o0o--

11 SUPERVISOR HUNTS: One of the ways we are doing
12 that is through the rules that govern the program.
13 Permanent regulations went into effect November of last
14 year. Those in two key areas were upgraded from the
15 emergency regulations that govern the program. Namely,
16 enhanced source documentation. The collectors must secure
17 on larger transfers of non-residential material. They
18 have to get contact names and phone numbers in addition to
19 names and addresses of organizations. And then recyclers
20 must now ship all of the derived CRT glass to a qualifying
21 market prior to making a claim for that material.

22 --o0o--

23 SUPERVISOR HUNTS: The Waste Board is working
24 closely with our sister agency, the Department of Toxic
25 Substances Control, DTSC. We have shared regulatory and

1 enforcement responsibilities for this program.

2 The Waste Board is primarily responsible and has
3 authority over the payment system. We take enforcement
4 action through denials of claims or through revocation of
5 approval within the system.

6 DTSC primarily has enforcement authority over the
7 handling of hazardous waste and the operation of
8 facilities. They do this through facility inspections and
9 take enforcement actions for any violations that are
10 discovered.

11 We have joint enforcement authority and we are
12 working together to detect and deter fraud. We recently
13 entered into an MOU with DTSC to spell out roles and
14 responsibilities on pursuing fraud within the system. And
15 we are cooperating on investigations.

16 COMMITTEE MEMBER CHESBRO: Mr. Chair, may I ask a
17 question?

18 CHAIRPERSON PETERSEN: Sure.

19 COMMITTEE MEMBER CHESBRO: Can you go back for a
20 moment to you were talking about making sure that the CRTs
21 are shipped to certified recyclers who are certified to
22 recycle the glass. As I've mentioned before, my concern
23 is making sure that we are not simply putting in place a
24 system that prevents the equipment from being in our
25 landfills, but also make sure that we are maximizing the

1 actual diversion. And so I just wanted you to describe
2 that or explain that.

3 SUPERVISOR HUNTS: Let me expand on that.

4 This program being jointly administered by DTSC
5 and the Waste Board, the materials in question are
6 considered universal waste. They're a hazardous waste.
7 They're regulated as universal waste. There are rules
8 that govern how those must be handled and to whom they can
9 be transferred. A handler of universal waste may only
10 transfer that material to another authorized handler of
11 universal waste.

12 Recognizing that there are few, if any, actual
13 glass markets within the state of California, we recognize
14 that all of this glass is eventually leaving the state.

15 What the program requires is that after a covered
16 electronic waste or device is canceled, demanufactured
17 down to a bare tube, the vacuum is released. That bare
18 tube or broken glass must go to what we call an end-use
19 destination that is authorized to further treat that
20 material.

21 So in the case of a bare tube, that would mean to
22 break the glass. In the case of broken glass, it would be
23 to a facility that would wash and sort that glass.

24 The theory there is that it is one step towards
25 the marketability of that product benefiting the glass.

1 Costs are incurred by the handlers.

2 The fact of the matter is the State of California
3 does not have jurisdictions beyond its borders. But we've
4 attempted to set in place a framework that if not ensures,
5 then raises the probability that the material is going
6 towards a re-utilization.

7 COMMITTEE MEMBER CHESBRO: Thank you.

8 SUPERVISOR HUNTS: And that leads directly --
9 thank you, Wesley, into one of the future challenges
10 facing this program --

11 --o0o--

12 SUPERVISOR HUNTS: -- the fact that CRT glass
13 markets are increasingly unstable. The glass-to-glass
14 option, which has been the preferred re-utilization of
15 this material, is waning. CRT as a technology for
16 consumer devices is on its way out and being replaced by
17 flat panel displays.

18 That is leading to changes week to week with
19 regard to who is accepting CRT glass for re-manufacture
20 into new CRT. All of those furnaces are off-shore
21 primarily in the far east. The word is that the one
22 western hemisphere CRT furnace in Brazil is shutting down.
23 Reportedly temporarily, but we have our doubts.

24 COMMITTEE MEMBER CHESBRO: So is the only current
25 use for the CRT glass re-manufacturing it into CRT glass?

1 SUPERVISOR HUNTS: The other use that constitutes
2 recycling is recognized by the Department of Toxic
3 Substances Control is use as a smelter flux in lead
4 smelting. And that continues as a market. However, that
5 is a more expensive option for our participants. Whereas,
6 glass to glass, if you were producing clean product, you
7 could actually get paid for it. Feeding broken glass into
8 the smelter flux actually costs both the transportation
9 and the utilization. Because the smelters don't need to
10 use CRT. They need to use a silica sand. And the CRT
11 glass is a bonus because it has lead in it.

12 The program experienced a significant disruption
13 when the one large domestic smelters at Doe Run in
14 Missouri shut down in the middle of 2005 and remained
15 closed for over a year in terms of accepting new glass.
16 Reportedly, that is back open. There is a slight sense
17 there will be an ongoing market for that, but it's not
18 necessarily a preferred market.

19 We need to engage the Department of Toxic
20 Substances Control in a conversation about what other
21 possible uses are there for CRT glass. We are encouraging
22 the industry to engage the department in that
23 conversation. At this point though, the two uses that
24 constitute recycling are glass-to-glass and smelting.

25 COMMITTEE MEMBER CHESBRO: I understood you to

1 say the problem with glass to glass is the rapid change in
2 technology, so there's not -- the number of CRTs being
3 produced is significantly rapidly --

4 SUPERVISOR HUNTS: It's evaporating, yes.

5 COMMITTEE MEMBER CHESBRO: Is there any
6 projection of how soon that transition is completed?

7 SUPERVISOR HUNTS: We are very interested in
8 that. It could be a year from now. It could be two years
9 from now. But the date seems to be approaching very
10 quickly.

11 CHAIRPERSON PETERSEN: So when we -- and the way
12 the markets work, if there's no volume, they're not going
13 to stay open. So we are going to be left over some
14 residuals. What are we going to do with it?

15 SUPERVISOR HUNTS: Good question.

16 CHAIRPERSON PETERSEN: That was a great question.

17 I have one other question Jeff, real quick. I
18 notice on the claims denied, and there's \$200,000 per
19 claim. That adds up pretty quick. And these guys who are
20 being denied, can you tell me why?

21 SUPERVISOR HUNTS: I should clarify. We
22 generally adjust as opposed to deny. We deny a portion of
23 payment, and that is usually tied to insufficient source
24 documentation. A portion of a claim -- a very small
25 portion of a claim --

1 CHAIRPERSON PETERSEN: I understand about
2 documentation. That's fine, thanks.

3 SUPERVISOR HUNTS: The only time we deny a claim
4 outright is if it was prematurely submitted without glass
5 being shipped, in which case we could send it back. We
6 wait. We work with the claimant to make a valid claim.

7 Another technological challenge coming up is tied
8 to the post-CRT era, which is where are the markets or
9 what are the markets derived from the new technologies.
10 The LCD panels and the plasma panels themselves are
11 considered a hazardous waste. They don't enjoy the
12 universal waste designation that CRT glass does that
13 creates complications for our participants. It's
14 something we need to continue to monitor and look closely
15 at.

16 COMMITTEE MEMBER CHESBRO: So what happens to the
17 monitors, either type, if there is no market for the
18 material? Do they go to a hazardous waste site?

19 SUPERVISOR HUNTS: At this point, monitor -- gas
20 plasma displays, plasma TVs, what's called the interior
21 panel contains leaded glass. It can as well go to a lead
22 smelter. But because the hazardous waste, the universal
23 waste regulations, it does not enjoy the same
24 classification as CRT glass.

25 So there is a market for it. It's a more

1 expensive market to exploit, simply because of handling
2 costs.

3 LCD panels themselves are not considered
4 hazardous. They're mainly layers of plastic and glass.
5 But glued to the back of those panels are fluorescent
6 tubes that contain mercury vapor or that must be handled
7 very delicately.

8 I shouldn't characterize it there is no market,
9 but rather the complications associated with
10 demanufacturing these products greatly increase the cost
11 of bringing those residuals to market.

12 COMMITTEE MEMBER CHESBRO: So you just gave me a
13 lot of good information, but didn't answer the question I
14 asked you, which is where do these wind up? What if there
15 is no recycling home for them? Do they --

16 SUPERVISOR HUNTS: At this point, our regulations
17 do not allow for specified residuals such as CRT glass or
18 plasma glass or the bare panel of an LCD display to be
19 disposed of to land or water.

20 COMMITTEE MEMBER CHESBRO: They have to find
21 them.

22 SUPERVISOR HUNTS: They have to find a market.

23 COMMITTEE MEMBER CHESBRO: So it's a hypothetical
24 question. When there's not a market.

25 SUPERVISOR HUNTS: Exactly.

1 Now, expanding on your question, there are other
2 residuals that are derived from the demanufacture of video
3 display devices. In particular, some of the older
4 devices, the console televisions that contain particle
5 board, that contains formaldehyde, the stuff that we don't
6 want to see in compost operations. And the one viable
7 appropriate end use for that is disposal. It's a small
8 percentage.

9 CHAIRPERSON PETERSEN: So are they inventorying
10 this stuff or just holding onto it?

11 SUPERVISOR HUNTS: Sorry?

12 CHAIRPERSON PETERSEN: If there's no place for
13 the plasmas to go, are they just holding onto this stuff?

14 SUPERVISOR HUNTS: In some cases. In some cases,
15 the panels are shipped to market. The other cases, the
16 panels are exported for refurbishment or recycling.

17 CHAIRPERSON PETERSEN: And get ground up
18 overseas.

19 SUPERVISOR HUNTS: Right.

20 CHAIRPERSON PETERSEN: We have a ways to go on
21 this.

22 COMMITTEE MEMBER CHESBRO: I think it's important
23 to -- and again, you've already heard me say this at
24 previous meetings. But not diminish the importance of not
25 having them in the landfills and appropriate collection is

1 an important achievement. But it's important for us to
2 resist the temptation to just focus on having a successful
3 collection system and to make sure it's balanced by
4 continuing to ask the question and move forward on trying
5 to determine how to best environmentally recycle and/or
6 properly dispose of the materials that go into making
7 these devices. And that's just got to be the ultimate
8 goal, even though the law is really focused on getting
9 them out of the landfills and having a paid for collection
10 system in place. We need to go beyond that.

11 SUPERVISOR HUNTS: Absolutely.

12 CHAIRPERSON PETERSEN: Sorry to keep
13 interrupting. Go ahead.

14 SUPERVISOR HUNTS: Okay. The next challenge
15 looming out there is we know the date, and that's February
16 17th, 2009. And that is when television viewing in
17 America will change from analog over-the-air broadcast to
18 digital. And the 20 percent of households that do rely
19 currently on over-the-air broadcasting, if they do not
20 have a digital receiver in place, their screens will show
21 static.

22 The FCC will be giving out coupons for converter
23 boxes. Who will take advantage of that versus who will
24 decide to use that as an excuse to upgrade to a new toy,
25 it's hard to say.

1 The 80 percent of households that rely on cable
2 and satellite will not directly be affected. But we know
3 that with the decreasing price of the fancy flat panel
4 televisions and monitors that we will only see more CRTs
5 being discarded.

6 --o0o--

7 SUPERVISOR HUNTS: Shifting gears a little bit,
8 public education. How do we get people to know that there
9 is an opportunity to get rid of their old devices?
10 Program is working closely with our Office of Public
11 Affairs and its contractor, Ogilvy. Through media
12 relations, we've garnered more than three million media
13 impressions from the major Earth Day e-recycle effort that
14 we undertook earlier this year.

15 We have partnerships with radio networks such as
16 Clear Channel. And Jon Myers is very busy conducting
17 radio interviews and television interviews around the
18 state. And with Beatriz Sandoval in the Public Affairs
19 Office, we have the opportunity to do that in Spanish as
20 well.

21 Our PSAs, which are posted on e-recycle.org
22 website, are continuing to get good air play. Over 55,000
23 have aired -- over 55,000 times with a commensurate value
24 of \$2.7 million.

25 --o0o--

1 SUPERVISOR HUNTS: And our retail partnership
2 continues working with major retailers of electronic
3 products, such as Comp USA. We are engaged in training at
4 Comp USA stores to educate their employees so that when
5 their employees are asked where is this fee on my receipt,
6 they can give the correct answer. Working with Retailers
7 Association, recently sent a joint letter from CRA and the
8 Waste Board to Retail Association membership encouraging
9 them to participate in the education partnership
10 interactively working with Costco, Office Max, and other
11 stores.

12 We have an advisory group that's comprised of
13 recyclers, retailers, interested parties, local
14 governments to guide us in this outreach effort. And
15 we've recently upgraded the erecycle.org website to
16 include a GIS component so when a browser to our sight
17 selects a particular location near them, it provides a
18 map. They can see where that is.

19 Just a quick aside. Several bits of e-waste
20 legislation have stalled or died this one year. One that
21 is marching on is AB 546, which would require retailers to
22 provide specific recycling information to consumers of
23 covered electronic devices and specifically directs them
24 to point consumers to the erecycle.org website. We see
25 that as an exciting opportunity.

1 --o0o--

2 SUPERVISOR HUNTS: With that, I'd like to
3 introduce Matt McCarron, technical senior within the
4 E-Waste Program. Matt has the pleasure of receiving all
5 the net cost reports from our participants and has been
6 overseeing the contract for the analysis.

7 CHAIRPERSON PETERSEN: Good morning, Matt.

8 --o0o--

9 MR. MC CARRON: Good morning, Chair Peterson and
10 Board members.

11 For the net cost information in the agenda item,
12 we describe some of the recent history related to the net
13 cost report submissions. We've done a lot of work to try
14 to make this an effective tool for us to use and use over
15 time.

16 So the 2006 on time submissions was greatly
17 improved over '05. We worked really hard to do a better
18 job. The results were we had better compliance, and even
19 though we had a 60 percent growth in participants from
20 year to year. So we thought that was pretty well done.
21 The whole staff really pitched in and did a good job
22 calling people over and over again saying, get this in or
23 you're going to get revoked.

24 So we tried our best to help them work through it
25 and get through it. I think we got a better product this

1 year. And we'll talk about that in a minute.

2 It was very valuable for us. In talking to our
3 stakeholders and participants we learned a lot about their
4 business practices, their compliance histories, and much
5 more engagement one on one.

6 This report is a really valuable tool for us to
7 work to provide understanding to how we can predict the
8 payment rates, what they need to be, what's fair. We also
9 needed to manage the fund as we go forward so we have
10 enough money available to make sure everybody on both
11 sides is compensated properly and we don't run out of
12 money at any point in time as we start to look ahead and
13 manage the fund itself.

14 --o0o--

15 MR. MC CARRON: Let me get into the meat and
16 potatoes of the analysis report. I want to bring up Ed
17 Boisson who is going to talk about the 2005 report. We
18 have some preliminary data from the 2006 report, so he's
19 going to incorporate that as best he can.

20 With that, Ed.

21 CHAIRPERSON PETERSEN: Good morning.

22 MR. BOISSON: Good morning, Mr. Chairman and
23 Board members. I'm Ed Boisson, R.W. Beck.

24 And we teamed up with Humboldt State University
25 to undertake a fairly narrow charge. We developed the

1 cost reporting system. And as Matt says, we've done an
2 analyses of the first two years of the program. And I'm
3 going to present the results there. And the results for
4 2006 are preliminary. So I just want to put that caveat
5 out there.

6 --o0o--

7 MR. BOISSON: My presentation is three parts.
8 I'll give you a little background and move right into the
9 results and then discuss a little bit of some of the
10 considerations the Board might want to take into account
11 when the times comes for changing the payment rate. Just
12 to frame it up, we don't have recommendations today. And
13 we don't really have a particular framework for that. We
14 want to provide you with information.

15 --o0o--

16 MR. BOISSON: Our team consisted of Humboldt
17 State University's Office for Economic and Community
18 Development. I want to recognize Dr. Daniel Iharra, who's
19 in the room today. He helped us with developing the
20 program, the cost reporting system. And then on our team
21 on R.W. Beck, Greg Broeking is a certified public
22 accountant who also helped us to develop the system. The
23 rest of the team has pretty deep experience in recycling
24 markets, including e-waste and other materials.

25 --o0o--

1 MR. BOISSON: Our objectives basically were to
2 help the participants to prepare the report that's
3 mandated to make it as accurate and consistent as possible
4 and to provide as much information as we can to the Board.
5 Basically, it's a new self-reporting cost system. And we
6 just wanted to make it work as well as it can.

7 Started about two years ago. We started off
8 pretty methodically. We did a participant survey. We
9 looked around for other examples of similar programs.
10 Didn't find many. Looked at other attempts to estimate
11 electronics recycling costs, and then we dove in. We
12 developed the forms and the guide. And in each of the
13 last two years, we did a series of webinar trainings. We
14 posted a recording of the training on the website, and the
15 reports were due and we did the analysis.

16 The math was basic.

17 --o0o--

18 MR. BOISSON: It's the total revenue minus cost.
19 That equals the network cost. You divide by the pounds
20 handled, and you get a net cost per pound.

21 In practice, it can be a little more complicated.
22 I'll go into a couple issues in a moment.

23 The cost reporting system is pretty simple.
24 There's a one-page net cost report which summarizes the
25 math formula I just had up there. And the details are in

1 two worksheets, one for collectors and one for recyclers.
2 And we provided a guide with very detailed line by line
3 instructions. This gives you a sense of what the form
4 looks like. It's something like a tax return is probably
5 a decent analogy. We'd like to think it's simpler, but
6 that isn't always true.

7 --o0o--

8 MR. BOISSON: The basic guidelines -- and these
9 are the things that gave folks challenges and we worked
10 with people on quite a lot.

11 The first thing is the cost and revenue need to
12 be reported only for the covered electronic waste.
13 Virtually every firm handles other types of materials,
14 whether other e-waste or hazardous waste or other
15 materials or has a range of business activities.

16 Secondly, for dual entities, they needed to
17 separate out their collection costs and revenue and their
18 recycling costs and revenue. We asked everyone to not
19 include the Waste Board revenue, because the whole point
20 of the exercise is to determine cost outside of that. And
21 the bottom line was just a plea for folks to be as
22 reasonable and give it their best shot, and most
23 importantly to document how they came up with their
24 numbers.

25 By far, the biggest challenge was allocating

1 costs where businesses have more business activities,
2 which is virtually every case. And if you're interested,
3 we can talk about how we handle that. There's a fair
4 amount of consistency in how we came up with that.

5 --o0o--

6 MR. BOISSON: Let me move into how we analyze the
7 results and what the results were.

8 In the first year, last year, before we did
9 anything, we took a look at all the reports that came back
10 and analyzed them as they were and basically concluded
11 that we needed to take a closer look. There was a lot of
12 inconsistency. The forms were not always used correctly.
13 It was clear that allocation methods were being -- a whole
14 range of allocation methods were used. And sometimes they
15 really just didn't seem right.

16 So we came up with the method of collecting a
17 sample of reports to review and confirm and then to do our
18 analysis based on that sample. And I want to just mention
19 we did not do an audit, a formal audit. What we did is
20 reviewed each report. And then via e-mail and phone, we
21 worked with each of the companies that had submitted it to
22 make sure they were using the report form correctly, that
23 they were reporting the right information in the right
24 way. But we did not go on site and review their records
25 to verify.

1 --o0o--

2 MR. BOISSON: This is for 2005. This is the
3 summary of the sample we selected. And the short story is
4 we felt it was a very representative sample. About 29
5 percent of collector reports and about -- 11 percent of
6 collector reports, 29 reports, 71 percent of the dual
7 entities but on a volume basis we handled the reports we
8 reviewed represent about two-thirds of all of the volume
9 in the system.

10 The main errors we saw when we were doing the
11 review was wrong forms. Recyclers using the collector
12 forms and vice versa. Again reporting on e-waste other
13 than the covered monitors that are in the program,
14 separating collection and recycling. And then missing
15 line item costs will always be a challenge with the
16 self-reporting system.

17 We feel we did a pretty good job of working with
18 the companies to be fairly complete, but we broke costs
19 into three categories: Labor, transportation, and other.
20 And in that other category, there was some diversity in
21 terms of what folks chose to report and what they simply
22 could not.

23 --o0o--

24 MR. BOISSON: Next three or four slides are sort
25 of the meat of the results, and I'll slow down a little

1 bit for these.

2 This slide shows the collection reports we
3 reviewed. So each green dot up there represents one
4 report and their net cost per pound.

5 The blue line is the standard payment that the
6 Board makes, 20 cents per pound. And we just ordered the
7 reports from lowest to highest just to give you a sense of
8 how much they varied. And you can see most of them are
9 structured around the average, which I think was about 19
10 cents per pound. We'll see it on the next deadline. But
11 you can see the outliers.

12 And I just want to mention briefly on the low end
13 there were a couple collectors that had negative net cost,
14 i.e., a net revenue. And the reason was one of those was
15 a government program that was still charging \$25 to
16 monitor in 2005. And I think there are still a couple of
17 those out there.

18 And the other negative one and some of the low
19 ones tended to be companies that target commercial
20 generators and are often providing a range of asset
21 management services. And they allocated a portion of
22 their revenue to this program.

23 On the high end, the short story is that some
24 entities out there have very high cost structures. Some
25 indicated they were one-time startup issues they were

1 dealing with in the first year. Others, we took a close
2 look at and they just flat out are expensive, and they're
3 out there. In short, we took a close look at it.

4 COMMITTEE MEMBER CHESBRO: Is there anything to
5 discourage folks from continuing to charge like that? Why
6 wouldn't they?

7 MR. BOISSON: I would defer to Jeff or Matt on
8 that.

9 COMMITTEE MEMBER CHESBRO: Why wouldn't they if
10 they can make a profit on it?

11 SUPERVISOR HUNTS: The rules that govern the
12 system allow any of the participants to charge a fee if
13 the payment they would otherwise receive through the
14 system does not cover their cost.

15 COMMITTEE MEMBER CHESBRO: And of course the more
16 you charge, the less incentive there is for people to
17 bring to you --

18 SUPERVISOR HUNTS: Exactly. The market is taking
19 care of the vast majority of those instances.

20 COMMITTEE MEMBER CHESBRO: Because you can go
21 down the street and deliver it for free.

22 MR. BOISSON: Right.

23 This particular jurisdiction on the low end of
24 the previous slide is a rural municipality. And I'm not
25 sure if they've changed yet or not.

1 COMMITTEE MEMBER CHESBRO: I believe I know them.

2 CHAIRPERSON PETERSEN: Mum's the word.

3 MR. BOISSON: The thing I would mention about
4 that too, it's kind of a general theme of the whole
5 analysis is we struggled with what to include and what not
6 to include. And in the end, we decided if we reviewed it
7 and confirmed it and they were playing by the rules, we
8 included it. And you'll see in a minute when we present
9 the overall results you can weed out those outliers. You
10 can weed out. There's a lot of different ways of looking
11 at the results.

12 --o0o--

13 MR. BOISSON: This is the same graph but for the
14 recyclers. And you'll see they range from about 16 cents.
15 And there are a couple outliers on the high end which are
16 the same reasons I mentioned earlier.

17 --o0o--

18 MR. BOISSON: For 2005, this chart is the main
19 results. We broke the numbers out in a lot of different
20 ways. If you take a look at our report, which is on the
21 website, you'll see how we handled that.

22 I'm not going to walk through all the numbers,
23 but I want to highlight a few things.

24 First of all, you might want to focus on the net
25 cost for recovery and for recycling. And I'll highlight a

1 couple things.

2 Again, we struggled with how to present the
3 results. Because we were looking for the average, but
4 there's at least three different ways of measuring the
5 averages. And they have subtle differences that could be
6 very important in terms of a public policy decision how
7 the Board would choose to change the rate if you do.

8 The weighted average is the overall program
9 average. If you take all of the pounds and all of the
10 costs and divide them throughout all of the entities, you
11 get the weighted average. So it treats the whole program
12 like one big company. It's influenced by the large
13 players. The large players have a big influence on it.

14 The mean treats everyone as the same. And it's
15 influenced by those outliers. So you'll see that because,
16 looking at recovery, the weighted average is less than the
17 mean. That means the big players have slightly less unit
18 cost.

19 The median is that point where 50 percent or
20 above and 50 percent are below and you can see both on
21 recovery the mean and the weighted average are higher than
22 the median which means the outliers and the big players
23 were slightly higher. There are a lot of players out
24 there that were small that had relatively low cost.

25 The fourth column might be the one that's most

1 important to the Board members. We wanted to include it
2 for that reason. That's the percentage of all of the
3 entities that we reviewed that had a cost less than your
4 payment rate. So basically the standard payment for
5 recovery is covering right now about 63 percent of all the
6 players. I take it back. That was 2005.

7 --o0o--

8 MR. BOISSON: Here are our preliminary numbers
9 for 2006. I'm not going to go through them all. I'll
10 just note in general -- across the board, the cost went
11 down. And you can see if you look at that far right
12 column about two-thirds of all the players have their
13 costs covered at this point. And this just highlights the
14 specific difference in the weighted cost for recovery went
15 down 3 percent. For recycling, it went down 15 percent.

16 --o0o--

17 MR. BOISSON: The top level findings, extremely
18 variable cost. We may want to discuss that after the
19 presentation why that was true.

20 The bottom line is not only are some companies
21 more efficient than others, but they have different
22 businesses. Kind of an apples and oranges kind of thing.
23 The current payment rates tend to cover most participants.

24 And then the third bullet point up there I hadn't
25 mentioned, but I wanted to put it in. The statute and the

1 regulations allow the reporting entities to include a
2 "reasonable rate of profit." We did not include that in
3 the analysis I just walked through. But we did ask them
4 on the form what they felt the reasonable rate of profit
5 is. And about half of the entities responded for the
6 collectors the average was 11.7 cents a pound. And for --
7 actually, that was the recyclers. For collectors, 15
8 cents a pound.

9 Some reported it as a percentage and they range
10 from 10 to 20 percent. I think the bottom line is that
11 again when it comes time to adjust the rates, the Board
12 has the prerogative by statute to consider a rate of
13 profit. And you might want more input. The respondents
14 were very generous in what they thought was appropriate.

15 --o0o--

16 MR. BOISSON: Finally, I have three more slides.

17 First of all, it goes without saying this
18 industry is changing very rapidly. It's growing, still
19 maturing. There's a lot of restructuring still to go.
20 We've seen mergers, acquisitions, all kinds of
21 partnerships. Some innovative business models are
22 emerging. In particular, in terms of the terms they're
23 offering, as the competition heats up, we are seeing
24 processors starting to pass through part of their 28 cents
25 per pound to collectors. It's pretty common, actually.

1 In '06, about half of the collectors said they got
2 something beyond their 20 cents from the processor.
3 Generally, two to four cents. But in one case, up to ten
4 cents.

5 We are also seeing in a couple cases collectors
6 passing through a portion of their 20 cents to handlers or
7 collectors who may be approved in the system but are not
8 claiming those pounds. And in a couple cases, we are
9 seeing generators being paid. Sort of the savvy
10 generators who know there's value there and they're
11 insisting on it.

12 The markets have been relatively strong. We
13 discussed that earlier. That's not going to last. That
14 will be an impact down the road.

15 And Jeff talked about the changing technology
16 which will definitely change the whole landscape, but they
17 haven't yet. In fact, the LCD, plasmas hardly came up at
18 all in our discussions.

19 COMMITTEE MEMBER CHESBRO: In the last slide you
20 talked about the markets being relatively strong. That
21 seems to be somewhat contradictory to what staff said.

22 MR. BOISSON: Let me clarify the glass is the one
23 commodity that has a cost in my mind. And there has been
24 some instability, but it has been moving.

25 COMMITTEE MEMBER CHESBRO: Are you referring to

1 other materials?

2 MR. BOISSON: I was referring to both in a way,
3 because the glass has been moving. I don't want to
4 downplay that. Jeff has a much better handle on that than
5 I do. With the other materials, the circuit boards, the
6 plastics, et cetera --

7 SUPERVISOR HUNTS: Metals.

8 MR. BOISSON: Yeah, metals. The value has been
9 very high. If you go back to the chart I had up there, on
10 average the recyclers are getting about 5.2 cents per
11 pound overall.

12 COMMITTEE MEMBER CHESBRO: With the other
13 materials -- I'm sorry for my lack of knowledge. That's
14 partly me getting educated on all this. The other
15 materials, are they domestic markets or are they overseas?

16 MR. BOISSON: The initial markets are domestic.
17 But I think eventually those metals find their way all
18 over.

19 Do you want to clarify?

20 SUPERVISOR HUNTS: One of the challenges in
21 tracking materials is that they pass through many hands
22 and are picked off by those who specialize in particular
23 components. So it's a global marketplace. There are
24 North American smelters for a variety of metals, notably
25 more in Canada and Mexico than in the United States. But

1 once materials leave the borders of California, tracking
2 where they go is very difficult.

3 MR. BOISSON: Again, our charge was fairly
4 narrow. We were focused on the cost impact to the
5 recycling and collectors. But that issue came up
6 consistently.

7 --o0o--

8 MR. BOISSON: This is my second to last slide.
9 Just a few of the issues that seem like they would be
10 relevant when the time comes to consider whether the rate
11 should be changed.

12 First one is one that sort of a public policy
13 decision on what does average mean. What are you trying
14 to do? Do you want to cover half? Do you want to hit the
15 average? There are arguments either way.

16 Whether or not to include collector revenue,
17 since the statute calls for free and convenient, the
18 collectors are receiving a variety of revenue sometimes
19 from processors, sometimes from their generators. We
20 could choose to discount that and not include it in their
21 calculation.

22 For me, the biggest one is should the
23 collector -- if you do decide to adjust the rates, is it
24 better to adjust the collector, the recycler, or both?
25 This marketplace is sort of owned by the government at

1 this point in time. This program is driving it. And it's
2 driving it in interesting ways. And it would be in my
3 opinion difficult to predict how a change might
4 reverberate out in the marketplace. Because you have
5 right now processors passing money down the line. That's
6 a whole other discussion.

7 And the fourth one we listed here is since there
8 are different types of entities with completely different
9 business models, is it practical to consider a tiered
10 payment structure? Jeff hates that idea.

11 --o0o--

12 MR. BOISSON: And then last slide. Last slide,
13 again this is this whole approach is a self-reporting
14 approach. There are ways to enhance it. They all would
15 involve a cost. We could add some on-sight documentation
16 or auditing. I think there is some auditing happening
17 outside of our effort.

18 We could do time and motion on site like the
19 Department of Conservation does for the beverage program.
20 Actually independent verification of what the costs are.

21 You could shift gears and go to deriving
22 reasonable costs for different types of programs that sort
23 of build from the different data that we have.

24 And then these last two bullet points again
25 rehash the issues that have come up about changing

1 technologies and the need to have a better handle on the
2 marketplace.

3 And that's it. I'll close and take any
4 questions.

5 CHAIRPERSON PETERSEN: Great. Thank you. By the
6 way, I'd like to recognize Member Peace who's here. Hi.

7 COMMITTEE MEMBER PEACE: Hi.

8 CHAIRPERSON PETERSEN: Any questions or comments?

9 COMMITTEE MEMBER CHESBRO: Do you break out the
10 rural costs versus urban costs given the shipping costs
11 from rural communities to get these computers to where
12 they can be or this equipment to where it can be recycled?

13 MR. BOISSON: We have not broken them out
14 separately. We started to look at it, and we got hung up
15 on that classic issue of how do you define rural or
16 remote.

17 We definitely could go back and work on that.

18 But one thing I would note, there's one big shift
19 that has occurred over the last two years. Two years ago
20 the collectors always paid transportation. Now the
21 recyclers always pay transportation.

22 COMMITTEE MEMBER CHESBRO: I think you know the
23 reason I ask the question. Because not only the economics
24 of scale so you have a smaller operation, but also the
25 distance from where you can move the stuff to is a much

1 greater obstacle the further away from the urban setting
2 that you are in most cases.

3 MR. BOISSON: Again, we are just starting to
4 analyze the '06 data. And I think we'll incorporate that
5 analysis.

6 COMMITTEE MEMBER CHESBRO: Would it be worth
7 considering or discussing if there was significant
8 discrepancies trying to figure out a way to have a system
9 that offsets the higher costs due to based on distance?

10 MR. BOISSON: Well, I guess I would defer --
11 before commenting on that, I would look at what the
12 numbers show. Because I think our initial look at it
13 indicated, one, the transportation cost is being covered,
14 at least now. That could change in the future. So that
15 didn't seem to be an issue. And then secondly, that
16 especially --

17 COMMITTEE MEMBER CHESBRO: I thought you said it
18 shifted.

19 MR. BOISSON: From the collector to the recycler.

20 COMMITTEE MEMBER CHESBRO: I see. I heard the
21 opposite. Okay.

22 MR. BOISSON: But especially in the first year,
23 but even a little bit in '06, I think there was so much
24 restructuring and companies and municipalities getting
25 used to the programs it seemed like the costs were all

1 over the map and it was too early to weed those out.

2 If you look in the report, we did look at a few
3 factors that influence cost. Volume, the higher volume
4 did seem to have lower cost, but not always. I just
5 addressed rural to the extent I could. I'll try to do a
6 better job of that for the '06 report.

7 Residential versus non-residential; the
8 residential -- the programs that targeted residential
9 generators had a higher cost. That's true in '06 as well.
10 The gap has come down.

11 Pick-up programs in '05 versus drop off. The
12 pick-up programs were a little bit less expensive than
13 drop off. It was at first surprising, but if you think
14 most of the pick-up programs are commercial, so they have
15 higher volumes and they're efficient. That switched in
16 '06, and we think that was because of fuel prices going
17 up. The pick-up programs had higher transportation.

18 And the last one was government versus privately
19 run collection programs. And across for board government
20 is more expensive.

21 CHAIRPERSON PETERSEN: This is really interesting
22 stuff. This is full-on shake down. This is great. It's
23 amazing to watch and listen to. You guys did a yoman's
24 job.

25 Any other questions or comments? Thank you.

1 Jeff? No.

2 SUPERVISOR HUNTS: Thank you very much. Board
3 Item 13 leads directly into Board Item 14.

4 CHAIRPERSON PETERSEN: And Matt, thank you.

5 SUPERVISOR HUNTS: In fact, Matt, were you
6 planning to --

7 CHAIRPERSON PETERSEN: He's in charge. Okay.
8 Go, Matt.

9 MR. MC CARRON: This is for the consideration of
10 requirement for approved covered electronic waste
11 collectors and recyclers to submit the net cost report for
12 calendar year 2007.

13 Permanent regulations we adopted last year gave
14 the Board the option to require the report to be submitted
15 in subsequent years. In July of 2008, the Board has the
16 option of adjusting the payment rates. Staff feels
17 another set of net cost reports will assist us in whatever
18 the determination will be.

19 Based in part on the information we just had in
20 the previous item, staff recommends Option 1, determine
21 that the net cost reports shall be required from all
22 approved collectors and recyclers in the CEW payment
23 system covering operations in 2007 and adopt Resolution
24 2007-161.

25 CHAIRPERSON PETERSEN: Questions?

1 Is there a motion?

2 COMMITTEE MEMBER PEACE: I was going to make a
3 comment. Like I said, it's still such a new program and
4 it's such a vast growing program that I agree with staff
5 that we do need more than two years of data to identify
6 the trends and draw conclusions from them. I totally
7 agree.

8 CHAIRPERSON PETERSEN: Thank you, Cheryl.

9 Do I hear a motion?

10 COMMITTEE MEMBER CHESBRO: One more question.
11 Did we receive input from the collectors or the recyclers
12 on this item?

13 MR. MC CARRON: I haven't got any feedback.

14 COMMITTEE MEMBER CHESBRO: I'll move the
15 Resolution.

16 CHAIRPERSON PETERSEN: I'll have to second that.
17 Deb.

18 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

19 COMMITTEE MEMBER CHESBRO: Aye.

20 EXECUTIVE ASSISTANT BALLUCH: Petersen?

21 COMMITTEE MEMBER PETERSEN: Aye.

22 Thank you, all.

23 That's on the consent calendar, too. Thank you.

24 Okay. Howard.

25 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Now we

1 are going to switch gears a little and have a couple of
2 presentations on some of the programs that are being
3 implemented by local jurisdictions that are appearing to
4 be highly successful.

5 The first one of those is Item 15, Committee Item
6 D, which is a presentation on C&D diversion ordinance
7 adoption by some of our California jurisdictions. And
8 we've got from staff Diana Suarez-Arguelles is going to
9 introduce that. And we have a couple of presentations
10 that I think you'll find very informative.

11 One of our presenters has a flight at 1:00 and
12 she's trying to change that. So we'll scramble around
13 her.

14 (Thereupon an overhead presentation was
15 presented as follows.)

16 MS. SUAREZ-ARGUELLES: Good morning, Chairman
17 Petersen and Committee members.

18 CHAIRPERSON PETERSEN: Good morning.

19 MS. SUAREZ-ARGUELLES: My name is Diane
20 Suarez-Arguelles with the Local Assistance and Market
21 Development Division.

22 As you know, helping jurisdictions --

23 CHAIRPERSON PETERSEN: You have to talk right
24 into this thing. Pretend you're in a broadcast booth.

25 MS. SUAREZ-ARGUELLES: As you know, helping

1 jurisdictions to divert more construction and demolition
2 or C&D material is one of the Board's top priorities. One
3 of the methods staff has found to be effective in bringing
4 about an increase in diversion is local adoption of C&D
5 diversion ordinances.

6 Today, we will present you with a brief update on
7 progress Board staff has made with encouraging local
8 jurisdictions to adopt C&D diversion ordinances. Then
9 we'll have two guest speakers from Nevada County
10 Unincorporated and the city of San Clemente to discuss
11 their own C&D diversion ordinances and related programs.

12 --o0o--

13 MS. SUAREZ-ARGUELLES: In our effort to promote
14 C&D diversion ordinances, Board staff has been providing
15 outreach and technical assistance to local jurisdictions
16 in a number of ways. Some of our activities have included
17 working in collaboration with Board staff and stakeholders
18 to develop a model C&D diversion ordinance as required by
19 statute and developing a C&D diversion information web
20 page that is linked to the model ordinance. The model
21 ordinance and associated web page provide guidance to
22 local jurisdictions in developing and implementing an
23 ordinance.

24 Staff has also held two C&D diversion related
25 workshops and has strongly encouraged jurisdictions,

1 especially those on time extensions, to adopt a C&D
2 diversion ordinance to help achieve and maintain the
3 mandated 50 percent diversion goal.

4 --o0o--

5 MS. SUAREZ-ARGUELLES: I have one graph that
6 shows the number of ordnances adopted since the Board's
7 model became available. Prior to the model ordinance,
8 Board staff knew of the existence of about 40 local C&D
9 diversion ordnances. Through staff efforts of outreach
10 and technical assistance, 138 more jurisdictions have
11 adopted an ordinance. Of those that have recently adopted
12 an ordinance, about a third were the result of
13 jurisdictions on Board-approved time extensions that plan
14 to target C&D waste as part of their strategy for reaching
15 the 50 percent diversion goal.

16 --o0o--

17 MS. SUAREZ-ARGUELLES: I would now like to
18 highlight two jurisdictions that have adopted C&D
19 diversion ordinances as a result of their time extension
20 plans. Our first speaker is Tracy Harper, Recycling
21 Coordinator for Nevada County Unincorporated, followed by
22 Dana McIntosh, Environmental Services Coordinator for the
23 city of San Clemente in Orange County.

24 --o0o--

25 MS. HARPER: Good morning, Committee members.

1 It's a pleasure to be back here talking about a local
2 government.

3 --o0o--

4 MS. HARPER: So I'm the Recycling Coordinator for
5 Nevada County.

6 --o0o--

7 MS. HARPER: Just to give you a brief background,
8 we are a rural jurisdiction. We are in the Sierra Nevada.
9 We stretch from just north of Auburn all the way through
10 Truckee to the state of Nevada. So we do have some
11 seasonal considerations especially to take into account
12 with our C&D program.

13 Some good things there; all the waste in the
14 western county, which is the majority of our population,
15 is processed through our transfer stations. So we are
16 pretty much in charge of handling all that material.

17 We still have voluntary service, meaning we don't
18 have mandatory collection in western Nevada County. There
19 is mandatory in eastern county. About half of our
20 residents in western county self haul their material.

21 --o0o--

22 MS. HARPER: Why would we look at a C&D ordinance
23 apart from the need to get a good faith effort finding?
24 But for us, we really looked at it because we really need
25 to get to 50 percent. And we are not going to get there

1 without our C&D.

2 We found through a 1999 Waste Characterization
3 Study that we are very high in comparison with other
4 jurisdictions in terms of our C&D that is disposed of. So
5 we are roughly 27 percent. This is a snapshot. It wasn't
6 a full-on study. But we did take that into consideration.

7 --o0o--

8 MS. HARPER: So there was five elements to our
9 program: Infrastructure, outreach, an ordinance, reuse,
10 and a rate incentive.

11 --o0o--

12 MS. HARPER: Prior to an ordinance, we needed
13 some infrastructure. We had no infrastructure in Nevada
14 County whatsoever. We had no private businesses, nobody
15 out there accepting the material and processing it, or for
16 that matter even reusing very much material.

17 So in August of 2005, when we were successful in
18 getting our second time extension to the ADR, we did
19 pledge to this Board that we were going to adopt an
20 ordinance. But it would have been disingenuous of us to
21 have adopted an ordinance prior to infrastructure.

22 So we worked very diligently and opened our C&D
23 materials drop-off area at our transfer station in western
24 county in July of '06. So less than a year later after
25 making that commitment we opened our recycling area.

1 We contract with Norcal, and they load and haul
2 that material to Ostrom Road Landfill. At this time, it
3 is used as ADC. Not all the materials, but the vast
4 majority of the materials are.

5 In eastern regional landfill, they established a
6 C&D sort line at the material recovery facility, and I
7 believe they use most of that for co-generation of ADC as
8 well.

9 --o0o--

10 MS. HARPER: So what do we accept? Wood waste,
11 metal -- metals are not used as ADC -- masonry, cardboard
12 is recycled, not part of ADC. And then roofing, gypsum
13 board, and the rest of the material.

14 --o0o--

15 COMMITTEE MEMBER CHESBRO: Which of those
16 materials go to ADC and which ones go to recycling?
17 Obviously, cardboard. But gypsum, for example, is the dry
18 wall recycled?

19 MS. HARPER: That material is not recycled at
20 this time. It's all combined together.

21 In fact, I had a meeting with Norcal yesterday to
22 talk about developing markets for that material. And at
23 this time they're just taking the material and using it
24 for ADC. I'm not sure what they do with that material
25 from some of their other jurisdictions. And we are

1 working with Norcal to identify different options for us.

2 --o0o--

3 MS. HARPER: So we have an extensive outreach
4 program. Nevada County is smaller. We have 95,000
5 residents. We process about 3,000 building permits per
6 year. So one of my staff members goes out and visits
7 every single construction site at the beginning and talks
8 to them about what materials are recyclable. And it's
9 beyond that. It's beyond C&D.

10 They also talk about generating less material and
11 the reuse options that are available to them. We run a
12 lot of newspaper ads, radio spots.

13 We work extensively with our Contractors'
14 Association. They're very supportive of this program. We
15 have hand-outs at our transfer station and are working
16 jointly with the Contractors' Association and some haulers
17 on putting together some workshops.

18 --o0o--

19 MS. HARPER: So we adopted our ordinance after we
20 got our infrastructure in and running. We adopted our
21 ordinance in November of 2006. And we have a fairly low
22 threshold, 600 square feet, or \$50,000. And we have what
23 I like to term a performance-based ordinance. We don't
24 require deposits or bonds. And we don't require a plan of
25 the contractors.

1 What we require of them is on their actual
2 application and on their permit, it states they need to
3 sign and say they are going to use our recycling area and
4 commit to recycling all of their C&D, not half of it, not
5 a third of it. They need to recycle all of their C&D.

6 And their options are they can self haul it to
7 the transfer station. They can haul it to the transfer
8 station in Truckee or utilize our franchise hauler, Waste
9 Management.

10 --o0o--

11 MS. HARPER: We do have some reuse options. We
12 did win a Reuse Assistance Grant from the Waste Board a
13 number of years ago. And as a result of that, our local
14 Habitat for Community has a Restore now. It's very
15 popular.

16 We were the first local government to partner
17 with the Waste Board and have our own local portal to the
18 CALMAX Program. We were honored with a CSAC award for
19 that program last year. It's very popular.

20 Also very popular are AM radio stations. Swap
21 Shop is six days a week for about three to four hours a
22 day. And it's very popular. It's also kind of fun to
23 listen to.

24 And then our local FM station has a flee market,
25 not quite as many hours.

1 And then our Contractor Association has what they
2 call like a dirt soil swap.

3 --o0o--

4 MS. HARPER: But one of the things my staff heard
5 when they went out to building sites from contractors was,
6 you know, what's in it for them. And knowing that
7 contractors are very sensitive to cost, you know, when we
8 provided this option for them at the transfer station,
9 it's actually not an option. When they pull up, they're
10 asked what they have. And the transfer station attendant
11 says go to the C&D area. So they have a separate area.

12 It's much quicker for them to get in and out.
13 They do get assistance in pulling some material out if
14 it's contaminated with garbage, general refuse, metal,
15 cardboard that isn't used as ADC. The transfer station
16 tenant does help them pull that material out.

17 But we did hear that they would be obviously
18 looking towards a rate reduction. So by increasing our
19 solid waste, our MSW, rate by a quarter so the average
20 customer their average increase would have been less than
21 three cents or something, we were able to lower our C&D
22 rate by over \$10 a ton. We wanted it to sound like a lot
23 less money. So that's why it's 59.50 for C&D and \$70 for
24 solid waste.

25 And by doing that, the first month -- I don't

1 know if it's a coincidence or not, but the first month
2 after we did that, we increased the overall recycling rate
3 from 4 to 6 percent.

4 --o0o--

5 MS. HARPER: So in less than -- actually just
6 about a year, 3500 tons of material has been gathered and
7 utilized as ADC that would have been disposal had we not
8 had this program.

9 --o0o--

10 COMMITTEE MEMBER CHESBRO: Proportionately, what
11 role does that play in your diversion rate and where you
12 are and getting you closer to 50 percent?

13 MS. HARPER: That's a good question. I was
14 looking at some raw numbers. So, for example, our tonnage
15 I believe was something like 63,000 tons annually. And if
16 we hadn't had this program, our tonnage would have gone up
17 by about 2,000 tons for disposal. And instead, it went
18 down by about 1500 tons.

19 So what does that do for our default adjustment
20 or disposal-based adjustment method derived diversion
21 rate? I don't know.

22 But we are also engaging in a Waste Generation
23 Study for '06 and '07. And Waste Board staff agrees that
24 the default method does not actually reflect very well the
25 program implementation that we have. We've developed an

1 extensive program over the last five years that isn't
2 reflected in our base year.

3 So after we got all of our programs up and
4 running and being implemented, we want to do another Waste
5 Gen Study and look and see what that does for our
6 recycling rate. So it's yet to be determined. But it can
7 only help.

8 So recently we had a siting rehab going on at our
9 Government Center. And we lead by example. And so all of
10 this material was gathered up and recycled.

11 --o0o--

12 MS. HARPER: And this is basically the twelve
13 months, twelve proceeding months, and how we did tonnage
14 wise. And I think you see we have a cyclical nature of
15 construction in Nevada County. We do get a considerable
16 amount of rain and snow. So that was not unexpected that
17 November through February was going to be very slow.

18 And I'm hearing now that actually day to day it's
19 really going up even more.

20 --o0o--

21 MS. HARPER: The other thing that we're doing is
22 establishing a concrete recycling area. So, of course,
23 when you want to get to 50 percent, you want to look at
24 big, heavy things. And the first thing we did when I got
25 to Nevada County by popular demand was we started

1 recycling all plastics. That was great. And everyone
2 felt really good about it, and it cleared up a lot of
3 confusion that anything with a chasing arrow on it could
4 go in your bin. And it got all recycled. But it did very
5 little for us to get to 50 percent.

6 So the last thing that we are doing, the last
7 component of this program, is to get the concrete
8 recycling up and running. And they're actually in
9 construction right now at our transfer station for that
10 area. And the estimate of the tons of concrete, we
11 honestly don't know. We don't have a very good idea.
12 Because right now there is no other place for people to
13 take their concrete. So we don't know -- that's not going
14 anywhere. There's no --

15 COMMITTEE MEMBER CHESBRO: You don't have
16 concrete numbers?

17 MS. HARPER: We don't have concrete numbers.

18 CHAIRPERSON PETERSEN: Do you include asphalt?

19 MS. HARPER: Yes.

20 --o0o--

21 MS. HARPER: What's next for us? We want to
22 continue our outreach to increase our C&D diversion rate
23 working with our contractors, really highlighting the
24 reuse opportunities for people. Open the concrete
25 recycling area. We honestly want to look for higher and

1 better uses for this material than ADC. And this is
2 really our first step in diverting that material.

3 Now, all our contractors, they're a lot more
4 aware about recycling now and very supportive of it. We
5 are hoping to foster that energy and look at doing other
6 things for the material.

7 For Nevada County, a smaller county, it's a tall
8 order for us to develop markets when we don't have local
9 businesses. We'd love actually to look into becoming an
10 RMDZ so that we can provide some tools and assistance and
11 incentives for our local businesses to start using that
12 material for a higher and better use than simply shipping
13 it an hour away and using it as ADC. And that's it.

14 COMMITTEE MEMBER CHESBRO: So what are prospects
15 for some of the materials to be utilized and shipped to
16 Sacramento for a higher recycling use as opposed to -- you
17 mentioned the prospects for local businesses. But in
18 between Nevada County and where this stuff gets used as
19 ADC, it seems like there might be some markets or ways,
20 for example, that gypsum and wallboard and perhaps the
21 concrete might have someone who would utilize it.

22 MS. HARPER: Well, the concrete we're excited to
23 get. We are going to use that on site. We are going to
24 chip it and use it at our closed landfill out there.
25 They're all dirt roads. We want to use that as road base

1 on our landfill. We foresee being able to use that on
2 site for a long time.

3 Actually, what happens right now is the materials
4 get gathered up and shipped out near Wheatland. It's
5 about a 30 to 40 minute drive. It's through Yuba City.
6 And right now there are no markets between here and there.
7 We are looking to explore in Sacramento. So far, our
8 haulers, Norcal and Waste Management, haven't been able to
9 provide us any sort of analysis to that end.

10 COMMITTEE MEMBER CHESBRO: I don't know much
11 about the wallboard market or the gypsum market, but I
12 know there's a number of recycling operations or C&D
13 operations where that does get separated out. And there
14 are markets for the materials.

15 MS. HARPER: Is that being composted?

16 CHAIRPERSON PETERSEN: Yeah. Mostly the market
17 is the compost market.

18 MS. HARPER: We are working with Waste Management
19 right now to push composting. We are a rural
20 jurisdiction. We exceed our 10 percent co-generation
21 every year. We are really pushing Waste Management, our
22 franchise hauler, to compost all the remaining material.
23 And as soon as that really gets going this year, I hope to
24 look into having that composter start taking the gypsum
25 board. It's not going to be a locally owned business.

1 It's going to be shipped somewhere else.

2 CHAIRPERSON PETERSEN: And you have to keep it
3 dry and all that stuff.

4 Your problem is distance and volume. That's your
5 problem. And that's tough.

6 You're an hour away from here; right?

7 MS. HARPER: That's on a good day.

8 COMMITTEE MEMBER CHESBRO: Depends on which part
9 of the county you're talking about.

10 CHAIRPERSON PETERSEN: So where these operations
11 are located are more than an hour away.

12 MS. HARPER: Hour and a half.

13 CHAIRPERSON PETERSEN: That's tough on the
14 hauling side.

15 MS. HARPER: Yeah. And we are not really near a
16 rail line. And it is fairly rural for quite some distance
17 away from the transfer station.

18 CHAIRPERSON PETERSEN: Have you looked into once
19 you get going and your concrete and asphalt is
20 inventorying it and bringing in a portable crusher and
21 then entering the marketplace? Because then you're
22 hauling volume wherever you can go. Because you can
23 afford to haul it over an hour when you do that kind of
24 stuff.

25 MS. HARPER: Actually, our intention is to bring

1 in a portable crusher twice a year and utilize that
2 material on site.

3 I will say we have a little wrinkle with that
4 now. Some folks aren't very excited about the prospect of
5 having a concrete crusher near their homes at a closed
6 landfill.

7 CHAIRPERSON PETERSEN: I put one right in the
8 middle of the city of Santa Monica, and nobody even knew
9 it was there.

10 COMMITTEE MEMBER CHESBRO: You are talking --
11 didn't you say periodically, not something that would be
12 operational all the time?

13 MS. HARPER: Right. It would just be a couple
14 times a year they would come in for maybe two or three
15 days. We think we just have some communication we need to
16 explore with the neighbors and really listen to them and
17 give them some assurances.

18 CHAIRPERSON PETERSEN: The only thing is the
19 dust.

20 COMMITTEE MEMBER CHESBRO: Seems like the
21 positive thing here is the industry participation. You've
22 been able through the ordinance and through building the
23 relationships to get the construction and demolition folks
24 who are involved in that to actively participate and
25 separate the stuff out and not take it to landfills.

1 MS. HARPER: Yeah. I've been very surprised and
2 very pleased that the compliance is really high,
3 especially for our self haulers. We are working really
4 well with Waste Management to really get the drop-box
5 program going much better. This has had a couple of
6 hickups along the way. But we're working in partnership
7 with them, to get their customers to recycle, too.

8 CHAIRPERSON PETERSEN: That's good for you guys.

9 MS. HARPER: Thank you.

10 CHAIRPERSON PETERSEN: Super.

11 Any other questions? Bravo. Thank you.

12 Hello.

13 MS. MC INTOSH: Hi. I'm Dana McIntosh, the City
14 of San Clemente's Environmental Services Coordinator.
15 I've been in this position for about three years. And
16 when I came on board, San Clemente was in a second time
17 extension.

18 CHAIRPERSON PETERSEN: I used to surf there.

19 --o0o--

20 MS. MC INTOSH: South Orange County had and has
21 no C&D processing facilities. Nobody wants it in their
22 backyard. The nearest facility is 30 miles away. San
23 Clemente has been the lead agency with the County of
24 Orange and our exclusive franchise, CR&R, to find and
25 implement a C&D processing facility in the south Orange

1 County.

2 --o0o--

3 MS. MC INTOSH: For the implementation process,
4 San Clemente and CR&R, we've held workshops to promote and
5 educate the contractors and homeowners. Because we have a
6 lot of building going on in San Clemente right now.

7 The San Clemente Council approved the C&D
8 ordinance, and it became effective in June 2004. When we
9 started telling the contractors and homeowners when they
10 were pulling permits they had to recycle 50 percent of
11 their construction debris and the nearest facility was 30
12 miles away, it was very trying. A lot of threats,
13 lawsuits threatened.

14 San Clemente and CR&R, our hauler, and the County
15 of Orange conducted a demonstration project at the Prima
16 Deshecha landfill in San Juan. And we were always looking
17 at a place to set up there for a C&D facility.

18 We continue to monitor the process. And each
19 week, we still come across contractors that come to pull
20 permits and say they've never heard of recycling
21 construction debris.

22 And at first, we found a lot contractors walking
23 away from deposits. So then we started to let them know
24 if they continue to do that, we will just raise the fee.

25 So over the last two years, I found a lot more of

1 them getting on board and coming back for the deposits.

2 And we have not to raised it yet. Most of them are pretty
3 supportive now and actually want to recycle. It's just
4 the self hauling is so far away is still their complaint.

5 And again, if they walk away from the fees, we do
6 let them know we might raise it. So it will only benefit
7 them to come back and get the deposit.

8 CHAIRPERSON PETERSEN: It's really hard. The
9 game is changing, and you really got to get with the
10 programs. It's tough in that business.

11 --o0o--

12 MS. MC INTOSH: Issues we faced with our
13 ordinance were mostly roofers and pool guys. Roofers roll
14 and go, all commingled. The materials, most of them were
15 not recyclable, especially the built-up roofs, which a lot
16 of homes in San Clemente were having.

17 Pool contractors claim dirt is always used as
18 topper.

19 We have Camp Pendleton marine base. They blow up
20 dirt all the time. They let them come in and drop.
21 There's no trip tickets given. It's come through and out.
22 So I've come up with an exemption for built-up roofs and
23 dirt. And they have to apply for it.

24 CHAIRPERSON PETERSEN: So they're really blowing
25 up the dirt?

1 MS. MC INTOSH: Yeah. That's what they say.

2 CHAIRPERSON PETERSEN: It goes in the sky.

3 MS. MC INTOSH: Another problem is illegal
4 hauling. We have an exclusive franchise agreement with
5 CR&R, so we have a lot of illegal haulers. Some
6 contractors claim they're going to self haul. And what
7 they do is bring in a demo company that's not doing the
8 work. They're simply going to demo and haul it away. We
9 don't allow that.

10 Contractors have stated to me as long as the
11 trash disposal fees are cheaper than recycling, they're
12 going to continue to trash, the ones that won't recycle.

13 --o0o--

14 MS. MC INTOSH: Our first year of C&D
15 implementation, we diverted over 50 percent instantly.
16 And we are now currently diverting well over 60 percent.
17 Some months I even have up in the high 70s.

18 And San Clemente and residential commercial rates
19 are still in the low 40s. I'll still trying to work.
20 What's happening is construction and demolition is getting
21 me to 50 percent, because it's balancing being that
22 commercial is under.

23 --o0o--

24 MS. MC INTOSH: One adjustment we did make was in
25 adopting an impound ordinance, because of so many illegal

1 bins still coming into the city. We adopted an ordinance
2 in August 2005 which states no other bins or dumpsters
3 will be allowed within San Clemente city limits. The
4 first violation we give, it's a one-time warning. We'll
5 post it for 48 hours. We call the company, let them know
6 of our ordinance. The second time, it's an automatic
7 impound. We don't notify them ever again, and they have
8 to pay a fee to get it back.

9 --o0o--

10 MS. MC INTOSH: San Clemente's hauler, CR&R, is
11 going to be opening a C&D facility at Prima Deshecha this
12 September. And I'm trying to negotiate with them to take
13 self haulers, because they have to drive 20 to 30 miles
14 away. So I think that's going to happen.

15 I'm trying to continue to support CR&R with the
16 impound ordinance because a lot of these demo companies
17 have found literally where they've rigged their bins so
18 that the CR&R trucks can't pull it up. They have this big
19 bar welded on there. They pull up trucks on both ends --
20 where there is a will, there's a way. So they're trying
21 to beat the system.

22 CHAIRPERSON PETERSEN: They always figure
23 something out.

24 MS. MC INTOSH: So I'm going to continue to
25 support. I have the police on board and have other

1 building inspectors that report all these illegal bins to
2 us.

3 CHAIRPERSON PETERSEN: The recycling still is the
4 wild west.

5 MS. MC INTOSH: Yes.

6 --o0o--

7 MS. MC INTOSH: And again, San Clemente's C&D
8 ordinance has helped San Clemente. When I first came on,
9 our 2003 state report was 26 percent. And not that it's
10 Board approved yet, but my 2005 report is 56 percent and
11 mostly because of C&D.

12 CHAIRPERSON PETERSEN: Good for you. Grand.
13 Wow.

14 MS. MC INTOSH: Sorry. I'm nervous.

15 CHAIRPERSON PETERSEN: Don't be nervous. It's
16 very informal around here.

17 Any questions?

18 COMMITTEE MEMBER CHESBRO: Congratulations and
19 great work.

20 CHAIRPERSON PETERSEN: Now I have a question.
21 This is off the subject. The bag and bag program, how are
22 we doing?

23 MS. MC INTOSH: Second in the country for
24 recycling.

25 CHAIRPERSON PETERSEN: How is that going? And

1 what are you guys recovering per month?

2 MS. MC INTOSH: San Clemente holds the record.

3 My residents love it. And now you can put it in any clean
4 bag, put it in your recycling. And it's melted down into
5 new pellets.

6 CHAIRPERSON PETERSEN: We know the process.

7 MS. MC INTOSH: And we've collected over 5,000
8 pounds, which is a lot of pounds when you figure bags are
9 so light and airy. In the first year, San Clemente
10 collected over 5,000 pounds of plastic bags. And again
11 the residents love it.

12 CHAIRPERSON PETERSEN: Where are they taking it
13 to?

14 MS. MC INTOSH: They're taking it to CR&R in San
15 Juan. And they come and pick it up and they take it back
16 east.

17 CHAIRPERSON PETERSEN: So Hilex Poly is picking
18 it up?

19 MS. MC INTOSH: Yes. They're working on a
20 processing center out here.

21 CHAIRPERSON PETERSEN: Yeah. We've heard that.
22 Okay. Wonderful.

23 COMMITTEE MEMBER PEACE: So in this program you
24 put all the plastic bags in another plastic bag and put it
25 in the blue container? That makes so much more sense.

1 MS. MC INTOSH: It seems to work for us.

2 CHAIRPERSON PETERSEN: Plastic is my favorite
3 subject.

4 Thank you very much.

5 MS. SUAREZ-ARGUELLES: Thank you, Tracey and
6 Dana, for your presentations.

7 I would like to mention our next steps in C&D
8 diversion. The C&D team will be adding Nevada County
9 Unincorporated and the City of San Clemente to the C&D
10 information web page so that local agencies can reference
11 their C&D ordinance.

12 We will also continue to work with local
13 jurisdictions to promote C&D diversion and ordinance
14 adoption.

15 That concludes our presentation. Are there any
16 questions?

17 CHAIRPERSON PETERSEN: No. But that was really
18 grand. Thank you. That was great information. And all
19 these little nitches and crannies are all doing it. I
20 love it.

21 COMMITTEE MEMBER CHESBRO: In our assistance to
22 local jurisdictions, for example Nevada County, do we
23 provide any assistance in terms of market connections and
24 letting a local jurisdiction know about opportunities for
25 moving materials?

1 SUPERVISOR CARDOZA: Catherine Cardoza with the
2 Local Assistance and Market Development Division.

3 That's one of the things we are definitely
4 looking for with the reorganization to be able to provide
5 you even more assistance than we had in the past by
6 bringing all the experts together with the Markets folks
7 and C&D experts and the Local Assistance.

8 COMMITTEE MEMBER CHESBRO: In Tracey's case, I
9 know she knows enough to figure it out herself. But I can
10 imagine there's jurisdictions for whom it would be a
11 significant amount of assistance to be able to let them
12 know what the opportunities are or provide them with that
13 kind of assistance.

14 SUPERVISOR CARDOZA: One of the things, we had a
15 little team we are hoping to expand on that will -- one of
16 the things we want to look at is how do you site a mixed
17 C&D waste facility, because that seems to be one of the
18 hardest kinds to site.

19 So when things settle down here, that's one of
20 the things we want to work on. We're surveying other
21 facilities to see how they came online so we can help
22 spread the word to others that we need such a facility.

23 CHAIRPERSON PETERSEN: And the local franchise
24 haulers, are the interrelationships they have or the
25 relationship they don't have with other companies, are

1 they talking to each other? Because a lot of times they
2 can help each other out.

3 SUPERVISOR CARDOZA: That, I don't know. But I
4 do know some cities use a franchise hauler as a way
5 instead of using the contractors and requiring contractors
6 to do something, they use the franchise hauler and take it
7 to a particulate facility. That will be something we look
8 at too.

9 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Just
10 add onto that that not only are we looking at that from an
11 individual jurisdictional aspect, but a more regional
12 approach as we role this approach out over the next year
13 trying to pull together different jurisdictions, different
14 haulers, different processors. So get some synergies
15 going on solving these kinds of things.

16 CHAIRPERSON PETERSEN: Thank you, all. That was
17 very informative.

18 We are off to -- what item are we on here?

19 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: We are
20 on Item 16, which is a similar presentation on a different
21 subject. This is a presentation on the e-recycling
22 program at Sacramento International Airport, a site we all
23 go through. This is something you can look at and see how
24 it goes over time. And Yasmin Satter from our staff is
25 going to introduce that.

1 I will apologize for how this PowerPoint looks on
2 the screen. You've got the website. That's as best we
3 can do this morning. But the gist of it's there.

4 CHAIRPERSON PETERSEN: Good morning.

5 MS. SATTER: Good morning, Chair and Committee
6 members. And I'm Yasmin Satter with the Office of Local
7 Assistance.

8 CHAIRPERSON PETERSEN: You have to talk into that
9 thing closer.

10 MS. SATTER: As the aviation gateway to
11 Sacramento and a facility used by Board members, Board
12 staff, and stakeholders, recycling opportunities at the
13 Sacramento County International Airport has been of
14 interest to us and the subject of discussion in the past.

15 In fact, during the last biennial review process,
16 Board members engaged Sacramento jurisdiction
17 representatives in detailed questioning about what was
18 happening at this facility and what was planned for the
19 future.

20 In the interest of answering these questions and
21 as a continuing effort by staff to inform the Board of
22 ongoing and innovative diversion efforts by local
23 government, we invited Sacramento County to describe the
24 recycling activities at the airport.

25 This information will be posted on the web as a

1 resource as well for other agencies to be used.

2 Now I'm pleased to introduce Ryan Bailey from
3 Sacramento County who will give us the details of the past
4 practices and more visible and new efforts in the
5 terminals and concourse areas of the airport. Mr. Bailey.

6 MR. BAILEY: Can you hear me?

7 CHAIRPERSON PETERSEN: You have to push the
8 button.

9 (Thereupon an overhead presentation was
10 presented as follows.)

11 MR. BAILEY: Good morning, Mr. Chair and members
12 of the Board.

13 --o0o--

14 MR. BAILEY: I want to thank you for this
15 opportunity to present to you this morning. I'm the
16 former Environmental Coordinator for the airport systems,
17 so I'm no longer with the airport system. I'm with
18 Sacramento County's Business Environmental Resource
19 Center.

20 But since I was part of the working group that
21 helped to develop this program, they asked that I would
22 provide you with this presentation today.

23 So if you have questions or comments for the
24 airport system, I can certainly relay that information.

25 This new program is in place. I think this

1 request for a presentation came back in March or so when
2 we were still in our development phase. But this program
3 is in place. If you go to the airport today, you will see
4 a recycling program in the terminal and concourse areas.

5 I think I can advance this slide.

6 --o0o--

7 MR. BAILEY: So the first thing we did is to kind
8 of take stock of the existing recycling efforts that were
9 going on at the airport, because a lot of recycling had
10 been going on for a long time.

11 Office paper and cardboard in office areas, wood
12 and green waste, tree trimmings are chipped and reused on
13 site in the landscaping there. They've been doing
14 grasscycling for quite some time. They do have a
15 recycling program for scrap metal, used motor oil. And
16 then one of the newer programs is the universal waste
17 batteries, florescent tubes and other items.

18 And then beverage containers, the airport system
19 had been recycling beverage containers in some areas. And
20 then some individual airlines and business tenants at the
21 airport had their own individual efforts also. So not one
22 cohesive program, but a lot of piecemeal things going on.

23 --o0o--

24 MR. BAILEY: In 2004, there was a legislative
25 action taken, Assembly Bill 2176, to create the

1 requirement for large venues, either temporary events or
2 permanent facilities that have 2000 or more individuals
3 per day, either in people that are working there,
4 volunteers. And the airport system has well over a
5 million passengers per year. So they do fall into this
6 large venue criteria.

7 The airport convened a working group that
8 involved environmental staff, facilities, maintenance and
9 operations folks starting in 2005 to try to come up with a
10 plan for how to meet this new requirement.

11 --o0o--

12 MR. BAILEY: Some of the program goals, something
13 that is convenient. People are racing to get on
14 airplanes. So one of the main goals was that it would be
15 convenient and that it would be used. So one of the
16 things that was done was to try to find out where are all
17 the garbage receptacles and see if we can get recycling
18 containers next to those so it's just as easy to recycle
19 as it is to throw something away.

20 And that it's both accessable by the meet and
21 greet public, if you're coming to drop somebody off or
22 pick somebody up in the public areas or the traveling
23 public that goes into secure areas at the airport. We
24 have to make sure that we cover both bases there.

25 And one of the needs was to really minimize the

1 amount of handling or double handling that goes on on
2 site. The airport does struggle with having staff just to
3 get their work done and having limited areas and having
4 some specific limitations with regard to being in an
5 airport site. So not a lot of ability to do a lot of
6 handling or processing of material on site.

7 --o0o--

8 MR. BAILEY: So the working group that was
9 convened did look at what other airports are doing,
10 specifically Portland and Seattle, try to find out what
11 some best practices are out there. And then an evaluation
12 of products and collection bins. Frankly, in an airport,
13 aesthetics are very important. So they wanted to find
14 something that was going to meet the needs to provide
15 recycling opportunities to the public that would also meet
16 the needs for something that meets with the existing
17 aesthetics of the airport.

18 In March of 2006, the airport did apply for a
19 grant from the Department of Conservation, and that did
20 kind of delay the implementation a little bit waiting to
21 see if we were going to be successful.

22 We did not get funding from Department of
23 Conservation. So we moved ahead anyway.

24 And we did have to renegotiate a contract for
25 Waste Management services and recycling now that we were

1 going to do something new, and it was significant.

2 And in order to get this material to market, it
3 comes in town here to the BLT Enterprises site at
4 Florin-Perkins and Fruitridge. Just the economies were
5 such that we really needed a compact or dedicated for
6 recyclables in order to do that. That didn't have that
7 there. So just kind of working on a public project to put
8 in a compactor was pretty significant for us.

9 --o0o--

10 MR. BAILEY: So the program that we have now
11 that's in place is one recycling container. So beside a
12 garbage can, you don't see two or three containers. Some
13 airports, like Portland or Seattle, you might have
14 beverage containers separate from newspapers or mixed
15 paper and passengers having to make some decisions about
16 what container to put things in. We thought in an airport
17 setting that it's really important to make it convenient
18 and really have one mixed recycling container. It's
19 similar to what you might find in your residential
20 recycling program.

21 COMMITTEE MEMBER CHESBRO: I noticed at the
22 airport and also in this photo there's two slots in the
23 can. So is there a separation in the can?

24 MR. BAILEY: There's no separation. That's kind
25 of a subliminal message that whether it's a piece of paper

1 or beverage container, it's made to accommodate those. We
2 didn't want one large opening. Because then if you're in
3 a hurry, it just looks like a garbage container.

4 COMMITTEE MEMBER CHESBRO: Looks more like a
5 recycling container because it has the can and bottle
6 entrance and the paper.

7 MR. BAILEY: Right. Newspapers, magazines, we
8 get quite a bit of that material at the airport.

9 White and colored paper, cardboard, glass and
10 plastic bottles, aluminum cans, you know, those are
11 typically what you see in a residential program. And this
12 is what people for the most part are used to recycling at
13 home.

14 Things that aren't on there are your cracker
15 boxes and your shoe box type chip board. So any of those
16 items that can all go in that one container. And you'll
17 see in the next photo --

18 --o0o--

19 MR. BAILEY: -- this is what the bins look like
20 in the airport. So there is a message there about
21 newspaper, magazines, and mixed paper, cans and bottles,
22 but they all just go in that one can.

23 And no cups. We really need to do a good job of
24 keeping contamination out. And cups that are provided by
25 various vendors can be of all kinds of materials types.

1 They can be polystyrene. They can be the plastic that you
2 see out there, the paper, wax coated. So cups are
3 something that is not in. But the lion's share of what we
4 get are going to be cans, bottles, and paper.

5 COMMITTEE MEMBER CHESBRO: I would bet that the
6 public seeing that round slot and being in a hurry, you
7 probably do get a lot of cups in there.

8 MR. BAILEY: I'm sure that will be something to
9 work on.

10 CHAIRPERSON PETERSEN: It's true, because I go to
11 the airport there twice a week. And I watch. And might
12 make some suggestions. But I'll wait until you're done
13 and I'll give you some ideas.

14 We've done this before, my recycling company. We
15 developed a lot of these programs. And I can help you
16 with some of this stuff. Go ahead.

17 Great.

18 --oOo--

19 MR. BAILEY: So the airport is kind of a complex
20 facility with a lot of moving parts. So we have some
21 people that are in the terminal in concourse areas. We
22 also have folks that mainly have an air field presence so
23 to speak. So we do have bins inside the facility. And
24 this is in a secure air field area. And these dumpsters
25 are used by the custodial and janitorial staff to collect

1 the recyclables from inside the facility and deposit them
2 outside. But they're also very clearly marked and
3 accessible for use by others that may not be able to get
4 to those bins inside the facility.

5 And this is the compactor.

6 -o0o--

7 MR. BAILEY: Basically the way the material
8 flows, they collect it from the containers inside the
9 facility, put them in the dumpsters outside. And you'll
10 notice if I go back that these bins have wheels on the
11 bottom. It's a kind of a baggage cart type system. So
12 they put those together in a long train and take them over
13 to the compactor.

14 And there's an automatic tipper so we don't have
15 a lot of worker safety and injury issues. It's all an
16 automated system.

17 That was some of the feedback we got from our
18 internal folks was, hey, we need to make sure we are not
19 having a lot of guys bending over and lifting and things.
20 So we felt this system was going to satisfy their needs.

21 --o0o--

22 MR. BAILEY: So inside as I mentioned, we do use
23 green bags in the recycling containers. And that's just
24 so that we don't have any confusion with our custodial
25 staff when they're collecting them.

1 And they do use a common bin in the terminal.
2 But airlines and business tenants, any individual firm or
3 party that's there, they're free to use those also.

4 And the outdoor dumpsters, again we have
5 dedicated recycling dumpsters. They're used by the staff
6 that are collecting recyclables on a daily basis. And
7 that's multiple times per day. And they stay on site and
8 go to our compactor. But beyond that, there isn't any
9 other processing going on.

10 --o0o--

11 MR. BAILEY: So the equipment was in place
12 February of 2007. It took a little bit of time, of
13 course, when you have a public project like installing a
14 compacter and things like that, it does take time.

15 So we did have an initial break-in period. We
16 were able to try it out and see how it was going. And
17 then we officially kicked it off on Earth Day in April
18 2007. There was a media piece, and we did get some press
19 in the Sacramento Bee, which was good.

20 So where are we now?

21 --o0o--

22 MR. BAILEY: Participation is increasing. Of
23 course, with any new program, there's always going to be
24 kind of an education component that needs to go along with
25 that.

1 About 13 tons diverted from landfill. That is
2 not a number that's up to date. When I developed this
3 presentation back in March, that was the number. And that
4 was soon after the kick-off. So I'm sure as of today the
5 number would be larger.

6 And then also along with the compactor service, I
7 think that the way it looks now is it will likely have
8 biweekly collection of that compactor. That's about the
9 level that they'll be at.

10 And at present, they have minimal contamination.
11 And that is managed and kept low by a couple of things.
12 One thing is no cups in the recycling container. And then
13 we all know that we used to be able to take our water
14 bottles or other drinks into the airport with us when we
15 travel. And now before we go through security, I might
16 have a full bottle of water and now I dump it.

17 So for the bins that are in the area and under
18 the control of the FAA that have a lot of liquids, those
19 basically at this point are not in the recycling program
20 just because of the content of all those containers and
21 all the liquid content. But we are capturing a
22 significant amount of recyclables even with that component
23 not being in the system at present.

24 --o0o--

25 MR. BAILEY: Next steps, ongoing education, of

1 course. Something else that has developed in the last few
2 months, and that is our local Sacramento Regional Solid
3 Waste Authority has enacted a local business recycling
4 ordinance which has some more specific requirements for
5 signage and employee training. So we'll be ramping up to
6 make sure we meet those new local requirements.

7 Expansion of outdoor dumpsters, just having more
8 dumpsters in more areas as word gets out and as there's
9 increased use.

10 Pick-up in tenant and airline areas, depending on
11 who the business is and the type of operation they have,
12 they might use common bins. So we'll try to get more bins
13 in specific areas where people are actually looking to
14 dispose of things rather than having to walk out a few
15 steps and put them in a common bin.

16 And then lastly, you may know that the airport
17 system is working towards construction of an entirely new
18 Central B Terminal. The old terminal that was built in
19 1967, the plans are that will be demolished and there will
20 be an entirely new terminal. This is a significant --
21 about a billion dollar project for the airport system.
22 And the date may vary, but anticipated in 2011.

23 So they'll be expanding that program into the new
24 Terminal B and making sure that, you know, they're
25 thinking about recycling on the front end. I know they

1 have been talking about what level of LEED certification
2 they might look at for that facility. So that will be
3 part of the discussion.

4 --o0o--

5 MR. BAILEY: That's the end of my presentation.
6 I'm happy to take any questions you might have.

7 CHAIRPERSON PETERSEN: Senator.

8 COMMITTEE MEMBER CHESBRO: First of all, where do
9 the bales of mixed recyclables go? Do you have a
10 contractor that picks up these bins and takes them to a
11 processing facility locally?

12 MR. BAILEY: Waste Management services the
13 compactor. That material is shipped in town to BLT
14 Enterprises at Florin-Perkins and Fruitridge Road. They
15 are also the contractor that does all the processing for
16 the City of Sacramento and the County unincorporated area
17 residential programs. They also take a significant amount
18 of business recycling materials.

19 So this is just kind of a waste -- not a waste
20 stream, but a mixed recycling commingled stream that
21 they're familiar with and that they process on an ongoing
22 basis for the residential program. So it's kind of them
23 piggy-backing on what they already do.

24 COMMITTEE MEMBER CHESBRO: The other question,
25 you already mentioned some of the vendors and airlines

1 handling their own recycling of some materials. Is one of
2 your efforts -- will one of your efforts be to make
3 available to any of the vendors or the airlines the system
4 you're setting up so to encourage recycling amongst the
5 vendors and the airlines?

6 MR. BAILEY: Absolutely so. Some airlines or
7 airport businesses that have been recycling in the past
8 something like beverage containers that is popular, they
9 can continue to use their own dedicated recycling bins in
10 their program. This is open to them. They can use it.
11 It's available. The airport system will be providing more
12 bins in specific areas so they don't have to use common --

13 COMMITTEE MEMBER CHESBRO: For example, a bar
14 service or restaurant service where there might be
15 containers, they aren't necessarily the public putting it
16 in the recycling container, but rather the staff of that
17 business doing the recycling.

18 MR. BAILEY: Yes. It will be available to them
19 and there will be some outreach to try to help them along
20 to get them to use the bins. And that also goes hand in
21 hand with the new local business recycling ordinance which
22 requires anybody that has four yards of garbage per week,
23 anybody that's providing a garbage service, so if it's a
24 landlord like the airport system providing garbage
25 service, they have to provide a recycling bin.

1 Then also there's an education component to make
2 sure that employees are trained to use it. So kind of
3 trying to go at it from both angles. So that will be part
4 of the effort is try to educate firms and businesses at
5 the airport that it's not only open to the traveling
6 public, but to them as well.

7 COMMITTEE MEMBER CHESBRO: Thanks.

8 CHAIRPERSON PETERSEN: Cheryl.

9 COMMITTEE MEMBER PEACE: This is great,
10 everything you're doing. But the most exciting thing for
11 me to see was you put a recycling container next to every
12 trash bin. This has been one of the things I've pushed
13 since I've been here. The more people see that, whether
14 it's at an airport, school, park, a mall, a ballpark, you
15 know, at their place of work, the more recycling becomes a
16 way of life.

17 CHAIRPERSON PETERSEN: Okay. Now I have a
18 suggestion.

19 It's been my experience that if you can put up
20 eye-level signage, not just on the container top -- if you
21 watch people walk through and do what they do, they'll
22 take the cups and they drop them into the recycling
23 container. They don't even look.

24 So when you centralize what we call recycling
25 stations where you have these stations where the trash

1 cans are, if you put an eye-level signage up, preferably
2 graphics, because people understand graphics, you will get
3 less contamination and more recycling in the proper
4 containers and the trash. One for trash, one for
5 recycling.

6 And I have some graphic stuff in my office of
7 things we used to do, if you would like to call my office,
8 we could help you with that.

9 But it works. Trust me. In 1970, we started
10 this in 1973, and I hired a psychologist and a
11 psychiatrist to get me to -- I needed help getting people
12 to change their behavioral habits. And I needed that
13 help. And they were the ones that explained to me, you
14 got to make it simple, and it has to be in their face.

15 So grand job. This is really good. Good for you
16 guys.

17 MR. BAILEY: I'll just mention I think one of the
18 things that was done when our local solid waste authority
19 met with stakeholders about the business recycling
20 ordinance, is people wanted sample signage. So now
21 Department of Waste Management and Recycling in Sacramento
22 County and the County's Environment Management Department
23 have just put out their materials and their package for
24 businesses that includes sample signage that you can just
25 take and use.

1 CHAIRPERSON PETERSEN: At eye level, and usually
2 right behind the container. You have to use some sort of
3 a rod or stick it on the wall so they can see what's going
4 on. If they see it real quickly, they'll do the right
5 thing. Great.

6 MR. BAILEY: Great. Thank you very much.

7 CHAIRPERSON PETERSEN: Good job. Thank you. And
8 good news. Yeah.

9 We are going to take a ten-minute break, and then
10 we'll be right back. So ten after, please. Thank you.

11 (Thereupon a recess was taken.)

12 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON:

13 CHAIRPERSON PETERSEN: We are back in. We'd like to get
14 started on the presentation, and we'll wait for Member
15 Chesbro. But we can start.

16 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Item
17 17 is an update on progress of developing a nationally
18 coordinated leftover paint management system. This has
19 been an ongoing activity for several years on the part of
20 Board staff in terms of their involvement on a national
21 level to develop a paint --

22 CHAIRPERSON PETERSEN: Howard, I have to do a
23 roll call.

24 Deb.

25 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

1 Petersen?

2 CHAIRPERSON PETERSEN: Here.

3 Member Chesbro will be here shortly. Sorry,
4 guys.

5 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: As I
6 was saying, staff has been involved for a number of years,
7 and the Board has supported quite a few activities related
8 to the National Dialogue on Paint Stewardship. That
9 started a long time before our work on producer
10 responsibility, but this feeds right into a series of
11 activities that we have going on, including yesterday's
12 workshop or yesterday's contractor report on end-of-life
13 financing.

14 So what we have today is an update on the
15 progress towards an MOU for a national paint management
16 system. And Glenn Gallagher will provide that
17 presentation. And what we are really looking for is some
18 discussion from you on what your expectations might be
19 regarding the development of an MOU, because it is being
20 drafted and there is an expectation we at least take a
21 look at it and potentially sign onto it later this year.

22 CHAIRPERSON PETERSEN: Thank you, Howard.

23 Glenn, hi.

24 (There upon an overhead presentation was
25 presented as follows.)

1 MR. GALLAGHER: Good afternoon, Committee Chair
2 Petersen and Board members.

3 I will be presenting the update on the progress
4 of developing a nationally coordinated leftover paint
5 management system. This system is being developed by the
6 National Paint Dialogue, which is a group of national
7 stakeholders representing industry, government,
8 manufacturers, retailers, and recyclers. The Board has
9 participated since the beginning of the Paint Dialogue,
10 which started in 2004. So we've been at this for a little
11 while.

12 The National Paint Dialogue currently represents
13 a voluntary approach to introducing extended producer
14 responsibility into the current system of managing
15 leftover paint, which has up until now been the sole
16 responsibility of local government household hazardous
17 waste collection programs.

18 --o0o--

19 MR. GALLAGHER: I'll briefly discuss why leftover
20 paint is a concern to local government, provide an
21 overview of past and current efforts to promote product
22 stewardship for paint, and discuss the next steps we can
23 take to further product stewardship for leftover paint.

24 --o0o--

25 MR. GALLAGHER: Paint is a concern to local

1 government, because its cost to collect and recycle is
2 relatively much higher than its portion of the household
3 hazardous waste stream. The chart shown shows the actual
4 percentage of paint by pounds of the total HHW or
5 household hazardous waste collection is actually quite
6 modest, about 11 percent of the total collected. However,
7 note this most of the two largest waste streams, which are
8 e-waste and used oil, are actually collected by private
9 businesses.

10 --o0o--

11 MR. GALLAGHER: The second chart shows the same
12 information as the previous chart, but now we've removed
13 the e-waste and used oil collected by private businesses.
14 And this shows just the HHW collected by local government.

15 So you can see because a lot of the used oil and
16 e-waste is collected by private business, it's not
17 impacting as much on the local HHW collection programs.
18 And there are the latex paint and oil based paint portion
19 grows to 35 percent of all the HHW collected.

20 Following along these lines, the third chart --

21 --o0o--

22 MR. GALLAGHER: -- further illustrates the impact
23 of paint on local HHW programs by removing the two waste
24 streams that pay for themselves through advanced recycling
25 fees. The third chart is going to show what the local

1 government program actually pays for. They collect a lot
2 of used oil and e-waste, but it pays for itself because of
3 these great advanced recycling fees. And the paint
4 portion is now almost half of all the HHW collection cost.

5 I guess the remote has a dead battery. Can you
6 just go back to the third pie chart? I like that one.

7 --o0o--

8 MR. GALLAGHER: This actually is the first time
9 that the Board has ever tried to put together the impact
10 of paint on the whole HHW picture in this way. This is
11 looking at cost. And that's a lot of cost.

12 Actually, about four or five years ago, it was
13 more than half the cost. But there's some e-waste that
14 has really grown since then.

15 --o0o--

16 MR. GALLAGHER: Next, looking at this bar chart,
17 this shows how much leftover paint is being collected by
18 local government HHW programs. They're doing a really
19 good job. They collected more than two million gallons
20 last year. All this costs a lot of money, about \$8 a
21 gallon to transport, recycle, and re-process. We are
22 talking \$18 million a year impact on our local government
23 programs. That's why it's a big deal.

24 --o0o--

25 MR. GALLAGHER: How are we doing? About 10

1 percent of all the paint that's bought eventually becomes
2 leftover for a variety of reasons. Of the available
3 amount of leftover paint that could be recycled, 36
4 percent is collected and recycled properly each year.
5 This is significantly higher than the average rates in
6 most states, which is generally less than 15 percent.
7 However, there's clearly a lot of room for improvement.
8 For any future paint collection goals, we would want to
9 start at this base line and see increases each year.

10 --o0o--

11 MR. GALLAGHER: The Waste Board has worked with
12 local government on paint collection issues for the past
13 17 years, at least.

14 In August 2000, a Board Resolution to study the
15 issue led to a January 2001 Resolution to advocate an
16 advanced recycling fee on paint. Although the fee was
17 never implemented, the Board continued its work and in
18 2004 joined the National Paint Dialogue with CalEPA
19 Secretary Terry Taminien signing the first MOU along with
20 60 other signatories around the country. The first MOU
21 was to agree to work together to find solutions.

22 --o0o--

23 MR. GALLAGHER: In the last three years, the
24 dialogue group has conducted eleven research projects
25 covering all aspects of leftover paint collection and

1 recycling to help inform stakeholders to develop a
2 nationally coordinated management system.

3 The projects were funded by manufacturers,
4 recyclers, and many state governments.

5 The Board helped fund three of the projects: The
6 Recycled Paint Standard, the Paint Collection
7 Infrastructure Needs Study, and the Product End-of-Life
8 Framework Report, which R3 Consulting presented at
9 yesterday's Committee meeting.

10 --o0o--

11 MR. GALLAGHER: In April 2007, the Dialogue
12 reached consensus in principle on the path toward a true
13 producer responsibility system for leftover paint. This
14 is a big deal after three years of work.

15 The NPCA, or National Paint and Coatings
16 Association, representing the paint manufacturers,
17 proposed a new draft MOU that would provide a national
18 paint management system.

19 The results from the three projects we helped to
20 fund were actually very important in coming up with this
21 draft MOU. And the basic draft MOU consists of -- before
22 I go into the nine key points, I have to point out this is
23 still draft. And it's going to require a lot of work to
24 make it better. But these are the nine key points.

25 --o0o--

1 MR. GALLAGHER: Key elements include an eco fee
2 collected at retail. Right now, we are talking between 20
3 and 40 cents a gallon.

4 An industry-run third-party non-for-profit
5 organization to be named or created at a later date which
6 will collect and allocate the funding. The TPO is going
7 to control the money and disburse it.

8 A strong consumer education component on buying
9 the right amount of paint and recycling paint properly.

10 Industry and government will share the cost and
11 responsibility for the system. So there would still be
12 some cost covered by local government. We haven't worked
13 that out yet.

14 Where collection infrastructure is non-existent,
15 industry will create new collection opportunities.

16 There can be voluntary retail take-back, but no
17 mandatory retail take-back will be required. And the
18 industry and retailers are very firm on that point.

19 --o0o--

20 MR. GALLAGHER: Paints will be managed according
21 to the recycling hierarchy.

22 Rural collection will have special consideration.

23 And consumers will be educated on which paints
24 can or cannot be dried and then disposed.

25 --o0o--

1 MR. GALLAGHER: Currently, the MOU in principle
2 is very favorable for achieving product stewardship.
3 However, Board staff and other government participants
4 have concerns over the lack of specific details thus far.
5 We would like to see specific measureable collection goals
6 and performance standards, a clear time line on achieving
7 these goals, stakeholder roles clearly defined and
8 alternatives to pursue if the goals are not met.

9 --o0o--

10 MR. GALLAGHER: The system will be tested and
11 demonstrated in the state of Minnesota beginning January
12 2008 and tested throughout the calendar year. Then it
13 will be revised if necessary and rolled out to California
14 and other states in 2009.

15 Beginning in 2010, the system will roll out to
16 five more states per year until the country's covered.
17 Staff believes it is important to continue our work with
18 the dialogue until a national solution is achieved.
19 However, we are open to pursuing other avenues to achieve
20 product stewardship for leftover point if the MOU or
21 Dialogue do not result in significant progress in the next
22 two years.

23 Thank you. Are there any questions?

24 CHAIRPERSON PETERSEN: Wow.

25 Wes.

1 COMMITTEE MEMBER CHESBRO: Are there specific --
2 I think you said it and I missed it. I'm sorry. I was
3 not in the room for part of the presentation. Are there
4 specific diversion percentage goals included?

5 MR. GALLAGHER: Not at this time. That's a real
6 drawback to the MOU is there are no specific collection
7 and diversion goals stated. There are supposed to be some
8 by January 31st, 2009.

9 However, we are going to be asked to sign this or
10 not sometime this year in 2007. I don't think it's going
11 to be ready to be able to look at until about October,
12 November, December this year.

13 COMMITTEE MEMBER CHESBRO: On the downside of
14 specific goals, if we're recycling at a higher percentage,
15 we don't want to be forced into something that dilutes the
16 progress that we've made because other parts of the
17 country or not as far along.

18 MR. GALLAGHER: That's a good point. We are
19 doing about twice as well as most of the rest of the
20 states.

21 CHAIRPERSON PETERSEN: I'm with Wesley on this.
22 There has to be a measurable goal. We've got to push
23 this.

24 Go, Howard.

25 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: I

1 think that's why we brought this to your attention now in
2 terms of an update. There has been a lot of effort going
3 on on the national level.

4 Our feeling as staff is since we are going to be
5 asked to bring this to you for consideration to sign at
6 some point, there needs to be measureable goals,
7 accountability, performance standards that are going to
8 lead to an enhancement of what's happening from our
9 baseline in California, as Glenn articulated before.

10 CHAIRPERSON PETERSEN: I totally agree with this.

11 Go ahead, Cheryl.

12 COMMITTEE MEMBER PEACE: At this 20 to 40 cents a
13 gallon that they're going to collect, is that going to pay
14 the cost then of all the household hazardous waste
15 collection centers now have to incur for paint? Is that
16 going to be enough to cover it?

17 MR. GALLAGHER: Yes. Right now, the anticipation
18 is that about ten percent of all paint becomes leftover
19 for a variety of reasons. Even if you collect all ten
20 percent of that, chances are you could pay for all of the
21 recycling of it properly with about 32 cents per gallon
22 fee. Right now, we are just -- the industry is being a
23 little cagey in that they don't want to be pinned down to
24 a number. But at 32 cents a gallon advanced recycling fee
25 is enough to pay for all the possible leftover paint in

1 the country.

2 CHAIRPERSON PETERSEN: But that's for the
3 collection.

4 MR. GALLAGHER: It's for the collection and
5 transportation and most of the recycling because you can
6 actually sell the recycled paint, and the education.

7 CHAIRPERSON PETERSEN: And the education all in
8 that 32 cents?

9 MR. GALLAGHER: Yes

10 CHAIRPERSON PETERSEN: Make it 35 and we got a
11 deal.

12 COMMITTEE MEMBER PEACE: And the industry is
13 going to partner with the local government to make sure
14 they all get their share of the money, or how is that
15 going to work?

16 MR. GALLAGHER: Correct. Details have yet to be
17 worked out. But exactly. They would disburse the money
18 as needed. And obviously it would require a really strong
19 partnership between the government and the industry.

20 COMMITTEE MEMBER CHESBRO: Where would the fee be
21 charged?

22 MR. GALLAGHER: Unfortunately, at the retail
23 level. And government folks say no manufacturer level.
24 It's going to be a lot easier, less paperwork.

25 But this is the industry's voluntary approach,

1 and they like the retail collection point. We are trying
2 to talk them out of that, the government people.

3 COMMITTEE MEMBER CHESBRO: But then it says
4 industry-run organization, and so they would be
5 responsible for allocating the funding.

6 MR. GALLAGHER: Third-party organization. A
7 third-party organization would be created or named by the
8 industry. We are really looking at the product care model
9 in British Columbia.

10 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: One of
11 the issues that we would be looking at in some terms of
12 specificity in the MOU is what kind of accountability is
13 there to some governmental body or bodies, what kind of
14 reporting system. What would happen if certain goals are
15 not met and what would be the trigger mechanisms and the
16 expectations for subsequent actions.

17 So there's a lot of -- Glenn laid out the nine
18 principles that have been articulated in the voluntary
19 effort, but we have not seen details on any of those
20 measures at this point.

21 So one of the things that we can do certainly
22 depending on whatever direction or discussion we have
23 today is take these considerations back to that dialogue
24 and indicate that is kind of the concerns or the areas
25 that our Board has expressed and continue to update you

1 over the next few months so that we don't just bring an
2 MOU to you out of the blue and either have to accept it in
3 total or reject it. But it's difficult because we are
4 only one party in the national voluntary effort. So
5 trying to influence it as much as we can.

6 CHAIRPERSON PETERSEN: But you know, people
7 recognize where California is and where we are in the
8 recycling world and all the things we've instituted.
9 Maybe they'll pay attention to what we are saying because
10 we've done it. We've been there.

11 I guess I'd like to recognize our Chair Margo
12 Brown. Any ex partes?

13 COMMITTEE MEMBER BROWN: No.

14 CHAIRPERSON PETERSEN: Okay. So we are on paint.
15 Lucky us.

16 Okay. Any other questions?

17 COMMITTEE MEMBER CHESBRO: I'd like to reinforce
18 the concern that is listed at the bottom on the one slide
19 about needing alternatives specified on how to revise and
20 improve the system if goals are not met.

21 So it seems to me we should seek something fairly
22 date-specific in terms of achieving goals and then some
23 sort of a triggering in order to give industry, we've all
24 seen many times it's the potential for government
25 involvement that has most effectively created voluntary

1 programs, voluntary progress. So I think emphasizing that
2 there is some point at which California would more
3 actively step up the pressure for involuntary program, if
4 voluntary was not working.

5 MR. GALLAGHER: Absolutely. We'll take that to
6 the Dialogue.

7 Actually, there's a conference call right now we
8 are discussing this MOU. We are not, but the other
9 stakeholders are. So is this definitely ongoing and very
10 active, too.

11 CHAIRPERSON PETERSEN: So tell them right now and
12 we can go from there.

13 MR. GALLAGHER: Thank you for your feedback.
14 This will be very important.

15 CHAIRPERSON PETERSEN: You know, this is like the
16 same thing we do in the plastics world and everything else
17 we've been involved in. The same MO.

18 Oh, now John Cupps, would you like to speak?

19 MR. CUPPS: Yes, please. For the record, my name
20 is John Cupps. And I'm a consultant to the San Luis
21 Obispo Integrated Waste Management Authority.

22 Relative to the Dialogue, there certainly has
23 been progress made. But going back to one of the earlier
24 slides, this Board did, in fact, back in 2001 adopt a
25 Resolution directing its staff to pursue legislation to

1 oppose a fee to provide funding for paint collection.

2 We are now six years later, and basically what
3 you have in front of you is a draft MOU that is pretty
4 vague in terms of what it will actually require.

5 Now I think that's not to say that progress has
6 not been made. And certainly there's real hope that, in
7 fact, the industry will step up and take responsibility.
8 But I think there is kind of a unique opportunity, and I
9 think the timing is key for this Board to consider other
10 options -- backup options or fall-back options that
11 actually might encourage the industry to finish the job
12 they've started.

13 And specifically what I would like to suggest for
14 your consideration is that you -- at the time you consider
15 the MOU, that you also consider directing your staff to
16 pursue legislative authorization that would in effect say
17 something to the effect that if this Board determines that
18 the paint industry has not followed through on the MOU and
19 implemented a satisfactory program, that at that point in
20 time, once you make that determination, already have the
21 statutory authorization in place to impose that retail fee
22 by the State and begin implementing the program
23 yourselves.

24 I think if you put that out there on the table,
25 if you put that there and you direct your staff to proceed

1 in that manner, that, if anything, will hopefully
2 guarantee that they actually follow through. And I think
3 the timing of doing that is very key.

4 CHAIRPERSON PETERSEN: Great. Thanks, John.
5 Great suggestion. Okay.

6 COMMITTEE MEMBER PEACE: I think John's
7 suggestion is a good one, especially in light of the fact
8 that we heard an end-of-life report yesterday. And the
9 two things that they said was for any of these programs to
10 really work, they have to be mandatory, because they need
11 to have a level playing field, that you need government
12 oversight. And I've not seen that -- either of those
13 things in the MOU at all.

14 CHAIRPERSON PETERSEN: So we'll go and try to cut
15 a deal. And if it doesn't work, we got our own deal.

16 COMMITTEE MEMBER CHESBRO: I was just going to
17 say, I really like Mr. Cupp's idea of tying the two
18 together and essentially saying legislation unless the
19 industry meets the goals that we've set in the voluntary
20 program -- in other words, you have legislation that would
21 give them the opportunity, but then trigger the fee if
22 they did not fulfill their commitments.

23 And from a Legislator's standpoint, that is a
24 very reasonable thing to propose since the industry has
25 said, look what we are going to do voluntarily. So we

1 say, fine, but we'll hold you to it.

2 COMMITTEE MEMBER BROWN: I think we can do that
3 for ourselves. We can't probably get that as part of the
4 MOU, since the MOU is so many multi party.

5 But I think that, you know, we are certainly
6 taking a lot of the lead on this. We started this
7 partnership and have been really moving it forward. And I
8 think it's a delicate balance of our stepping away from
9 the MOU and not participating because we want to go
10 further versus where we can get everybody else to be, is
11 my understanding of where we have been in this discussion.

12 Is that correct, Howard?

13 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: That's
14 absolutely correct. What we can do is continue to
15 participate in the dialogue. Bring these key messages
16 back about some of the expectations we'd like to see.

17 Also indicate to you that when we come back at
18 some point in time with an MOU that we're being asked to
19 sign, that some of the other options in that item for your
20 consideration would be sort of a backup legislative
21 proposal for staff to pursue through the normal
22 administrative channels.

23 COMMITTEE MEMBER BROWN: And also include in the
24 dialogue with the other parties of the MOU that California
25 has its own interest and that we could potentially be

1 suggesting legislative options that go far beyond where
2 the MOU is that may or may not sync with the MOU in the
3 end. I mean, just so at least they're on notice that this
4 MOU may not end up where we want to be as a state.

5 COMMITTEE MEMBER CHESBRO: I think the
6 legislative idea has several benefits. One is in the long
7 term to hold the industry accountable. But I think in the
8 short term it's not in lieu of participating in the MOU
9 discussion but it can influence the MOU discussion to know
10 that this Board is very serious about this.

11 CHAIRPERSON PETERSEN: Great strategy. Thank
12 you, everybody.

13 Any other comments or questions?

14 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: We'll
15 provide you periodic updates as things come up.

16 CHAIRPERSON PETERSEN: Now Item G.

17 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Now
18 we're into our actual consideration items. Item 18 or
19 Item G is Consideration of an RMDZ Loan Program
20 Application for FiberWood, LLC.

21 Govindan Viswanathan is going to provide that
22 presentation.

23 MR. VISWANATHAN: Good afternoon, Committee Chair
24 and members of the Committee.

25 The FiberWood, LLC, agenda item is for a loan of

1 424,800.

2 The loan purpose is to fund the purchase of
3 machinery equipment for manufacturing hydromulch or
4 hydroseeding mulch from post-consumer wastepaper.
5 Hydromulch is used in landscape and erosion control
6 applications.

7 FiberWood's 36,533 square foot facility is
8 located at the former McClellan Air Force Base within
9 Sacramento County RMDZ.

10 FiberWood is projecting to divert 20,000 tons of
11 wastepaper and hire 40 employees as a result of the loan.

12 This RMDZ Loan Committee met on June 10, 2007,
13 yesterday, and approved this loan request.

14 Staff recommends that the Committee approve
15 Option Number 1 and adopt Resolution 2007-159 to approve
16 the RMDZ loan to FiberWood, LLC.

17 Mr. Stewart Douglas, President and 50 percent
18 owner of FiberWood, is here to respond to any questions
19 from the Committee.

20 Mr. Douglas had previously borrowed 150,000 from
21 the RMDZ Loan Program in 1993, and the loan was pre-paid
22 in two years. Thank you.

23 CHAIRPERSON PETERSEN: Great. Any questions?
24 Comments?

25 COMMITTEE MEMBER CHESBRO: What's the origin of

1 feedstock?

2 MR. DOUGLAS: First of all, Chairman and members,
3 thank you for taking the time to consider this.

4 The origin of the feedstock traditionally for
5 hydroseed mulch -- I have a sample if you'd like to look.

6 Stewart Douglas.

7 And also thank you, Govi, for doing great.

8 CHAIRPERSON PETERSEN: And who you're with.

9 MR. DOUGLAS: Stewart Douglas with FiberWood. We
10 are located at McClellan Park. We have, as you mentioned,
11 a 36,000 square foot building there that we've leased from
12 the military there. It's been quite an ordeal to clean it
13 up. I don't know if you have had an opportunity to tour
14 the facility there. Love to have you come over and show
15 you the length of work we've had to go to to get it up to
16 clean, workable condition. But there we are.

17 As far as the feedstock that we used,
18 traditionally as you see there in the sample which is the
19 green one is newspaper. Ten, fifteen years ago there was
20 a plethora of OMP available in northern California.
21 Today's market, this has all gone away. It's been gobbled
22 up by the Asians. Difficult to get ahold of. Even more
23 expensive than it should be. But that's just the way it
24 is.

25 So we spent a considerable amount of time doing

1 our R&D and settled on a local company here which actually
2 collects, screens, and separates sheetrock, takes the
3 gypsum, sells the gypsum into the ag markets, which is a
4 fantastic business for this guy, and then we take from him
5 the craft paper.

6 COMMITTEE MEMBER CHESBRO: We need to introduce
7 them to Nevada County.

8 MR. DOUGLAS: So it's a favorable condition for
9 us.

10 Typically, he has to landfill all the craft paper
11 after it's been separated. The reason for that is it's
12 tainted with calcium sulfate which is the gypsum which is
13 the sheetrock all around us.

14 Unfortunately, with our product, the hydro seed
15 mulch, the gypsum is a desirable soil amendment. So it
16 works out for us. It's an unusual situation, but we are
17 happy to capitalize on it.

18 We are in contract with Al Lopez and another
19 partner of his for 50 tons a day for the craft paper. So
20 of the two products that we will manufacture, the hydro
21 seed mulch, California market is little over 30,000 tons a
22 year. We'll be the exclusive manufacturer for paper mulch
23 in the state, which gives us a huge advantage as far as
24 our competitors which are all based out of state.

25 Any other questions on hydro seed mulch?

1 CHAIRPERSON PETERSEN: Yes. First of all, this
2 is grand. I love this. We are creating markets in
3 California. This is grand.

4 You have a term you use, generally rated safe.
5 What certification? Does that come out of a third-party
6 certification? Can you explain that to me?

7 MR. DOUGLAS: It's just an FDA term for products
8 such as the green dye, assuming that's what you're
9 referring to.

10 CHAIRPERSON PETERSEN: Looking at the inks and
11 stuff.

12 MR. DOUGLAS: It's a term they use to certify it
13 is safe. The dye that we use, the food grade dye which is
14 used to color paper for egg cartoons and things such as
15 that.

16 The typical exposure by the public to the inks
17 themselves with traditional newspaper are your ledger
18 paper, exposure just from handling it and reading it.
19 That's why everybody has gone to a soy-based ink for the
20 last 15 years. The product that you're seeing there, the
21 traditional, has been available and used in California for
22 a little over 25 years at this point.

23 CHAIRPERSON PETERSEN: I think you're doing a
24 grand job and is this a great project. That's what I
25 think.

1 MR. DOUGLAS: The second product we'll be making,
2 which we have a patent for, is a blanket version of paper
3 insulation typically called cellulouse?

4 CHAIRPERSON PETERSEN: Are you going to put FR in
5 this or what?

6 MR. DOUGLAS: Yes. Great question.

7 A little background there. We spent a
8 considerable amount of time talking to builders in
9 California, Pulte, Ryland, and asked them of the products
10 that they're using currently on their projects, what do
11 they like about them, what do they dislike about them. If
12 you put a list of the top products they use, the worst
13 product they all despise is fiberglass. So we thought,
14 marvelous. We are in the paper business. Let's find a
15 substitute so these people have something available and an
16 alternative.

17 So we spent a considerable amount of time and
18 money, and there is the result. We can now convert paper
19 fibers so it looks identical to fiberglass, except there's
20 no glass. The beauty of this is what you're seeing there
21 is roughly 90 percent of fiber and 10 percent polyester
22 fiber made from the plastic drinking bottles.

23 So we have an unusual combination. We feel that
24 even though our business specifically is to make money
25 selling building products, we by default are becoming one

1 of the largest diverters of this type of fiber in northern
2 California.

3 CHAIRPERSON PETERSEN: And the FR is fire
4 retardant. Sorry.

5 The other thing is afterlife when we're
6 de-constructing buildings, can you take this stuff back?

7 MR. DOUGLAS: Sure. We'd love to.

8 CHAIRPERSON PETERSEN: You got my vote.

9 Anyway, any other questions or comments?

10 COMMITTEE MEMBER BROWN: I think it's grand.

11 MR. DOUGLAS: I hope you felt the product to feel
12 the difference.

13 COMMITTEE MEMBER BROWN: I felt the product.
14 I've been to McClellan. Congratulations. It's really a
15 great project.

16 COMMITTEE MEMBER CHESBRO: If there's no
17 questions, I'll move the Resolution approving this loan.

18 CHAIRPERSON PETERSEN: Is there a second?

19 COMMITTEE MEMBER BROWN: Second.

20 CHAIRPERSON PETERSEN: Deb.

21 EXECUTIVE ASSISTANT BALLUCH: Brown?

22 COMMITTEE MEMBER BROWN: Aye.

23 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

24 COMMITTEE MEMBER CHESBRO: Aye.

25 EXECUTIVE ASSISTANT BALLUCH: Petersen?

1 CHAIRPERSON PETERSEN: Aye.

2 That's going on fiscal consent.

3 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Item
4 H, Consideration of Scope of Work and Contractor for the
5 State Agency Partnership to Support the Use of
6 Tire-Derived Products Contractor. And Mitch Delmage will
7 present this item.

8 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Good
9 afternoon already.

10 CHAIRPERSON PETERSEN: Afternoon, Mitch.

11 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: I'm
12 Mitch Delmage. I'm with the Local Assistance and Market
13 Development Division. Today, I'm presenting Item 1,
14 Consideration of Scope of Work and Contractor for the
15 State Agency Partnership to Support the Use of
16 Tire-Derived Products.

17 As you alluded to this morning, Senator, a
18 collection system without a market just doesn't work.
19 This project is designed to bring these products into
20 public view. Staff is requesting consideration of an
21 interagency agreement with Orange County Fair and
22 Exposition Center for \$400,000 for fiscal year 2007/2008
23 funding. Orange County Fair and Exposition Center is host
24 to more than three million people who attend events at the
25 fairgrounds throughout the year.

1 The fair people are very excited about joining us
2 in this venture. And they plan to include tire-derived
3 products, the insulation for viewing during their 2008
4 event.

5 They wanted to apologize not being here to
6 represent Orange County Fair, but they're in the process
7 of preparing this year's fair, which starts this Friday.

8 But way of background, as you're aware, 40
9 million scrap tires are generated -- more than 40 million
10 each year in California. We are able to divert 75 percent
11 each year into good alternative uses including retreading,
12 recycling, combustion. But ten million are still
13 discarded.

14 The objective of this project is to expose the
15 general public, businesses, other State and local agencies
16 to these tire-derived products. This is just one part of
17 a multi-pronged approach to increase the markets for
18 tire-derived products demonstrating their efficacy and
19 economic viability in various areas.

20 The overall goal of the Board's market
21 development outreach effort for tire-derived products is
22 to firm up existing markets and to help new markets and
23 ultimately to establish sustainable markets for these
24 products in California and beyond.

25 The Board has used this Fair model for the

1 last -- two years ago we used Cal Expo. In February, we
2 approved a Scope of Work for working with Big Fresno Fair.

3 So we've done the north. We will be doing the
4 central, and then next year we'll be doing the south in
5 this plan.

6 As far as the Five-Year Plan goes, this would be
7 the last year we would do these fair demonstrations. And
8 because they're ongoing each year and the products will be
9 there for a while, we figure their use will carry over.

10 Any rubber products that are purchased for the
11 fair will be made of 100 percent California-generated
12 waste tire rubber. Further, at most of the project
13 locations, the contractor will place signage indicating
14 the Board is a sponsor of the project. And it will be
15 used in a variety of programmatic areas throughout the
16 fairgrounds and the fair building.

17 Possible uses include, but are not limited to,
18 rubber mats used for employees and the public throughout
19 the grounds, rubber granules for use by kids in the kids'
20 play area, rubber mulch material used in the floricultural
21 area, rubber sand bags used to enhance cleaner storm water
22 runoff, rubber traffic delineators in the parking lot,
23 rubber mats in the rest room areas and rubber mats for
24 horse and animal stalls.

25 So with that, staff recommends that the Board

1 approve the report as indicated in Option 1 and adopt
2 Resolution -- I don't have the number right here.
3 2007-156.

4 CHAIRPERSON PETERSEN: Are there any questions or
5 comments?

6 Do I hear a motion?

7 COMMITTEE MEMBER BROWN: Move Resolution
8 2007-156.

9 CHAIRPERSON PETERSEN: Is there a second?

10 COMMITTEE MEMBER CHESBRO: Second.

11 EXECUTIVE ASSISTANT BALLUCH: Brown?

12 COMMITTEE MEMBER BROWN: Aye.

13 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

14 COMMITTEE MEMBER CHESBRO: Aye.

15 EXECUTIVE ASSISTANT BALLUCH: Petersen?

16 CHAIRPERSON PETERSEN: Aye.

17 Thank you, Mitch.

18 Fiscal consent.

19 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Next
20 on the agenda -- and we'll try to move through these
21 quickly since we've had a long Committee meeting -- is
22 Consideration of Applicant Eligibility, Project
23 Eligibility, and Evaluation Process for the Tire-Derived
24 Product Grant Program.

25 Michelle Martin will present that. In brief,

1 she'll go over some of the major changes.

2 (Thereupon an overhead presentation was
3 presented as follows.)

4 MS. MARTIN: Good afternoon, Chairman Petersen
5 and Committee members. I'm Michelle Martin with the
6 Financial Assistance Division Grant and Loan Resources
7 Branch.

8 This presentation is for Committee Item I, Agenda
9 Item 20, Consideration of Applicant Eligibility, Project
10 Eligibility, and Evaluation Process for Fiscal Year
11 2007-2008 Tire-Derived Grant Program.

12 Basically, this grant program happens annually,
13 and everything is pretty much going to stay the same. We
14 have two changes that we would like to make to the agenda
15 item. And I'll go over those with you right now.

16 --o0o--

17 MS. MARTIN: The first change is under page 2
18 under eligible applicants. We would like to change it
19 from federally recognized California Indian tribes to
20 qualifying California Indian tribes. Staff would like to
21 remain consistent with the previous grant cycles.

22 The second change is on page 4 under ineligible
23 projects we would like to delete the second bullet
24 regarding the cost per tire. It's not as clear here as it
25 is in other areas of the agenda item. And deleting the

1 bullet would allow projects that cost over \$5 to be
2 eligible. However, we would only reimburse up to \$5. And
3 we will also make this very clear in the applicants.

4 And that concludes my presentation.

5 CHAIRPERSON PETERSEN: Great. Questions,
6 comments?

7 I have one. Can we expand this to include the
8 schools, including private and non-for-profit schools?
9 Because everybody pays for tires, the fees.

10 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Mr.
11 Peterson, we can. To date, we have not. And we recommend
12 keeping this at the eligible for public entities only in
13 part because we've been oversubscribed.

14 But we can, depending on your direction. If we
15 do move towards including private entities, definitely
16 expect even more oversubscription. And we have to do some
17 work on the criteria in order to make sure we didn't get
18 multiple applications from a single company in different
19 localities and so on. So it's really your pleasure, but
20 we are already oversubscribed.

21 CHAIRPERSON PETERSEN: Any comments on this?
22 There's no way to include schools in this; right? I mean,
23 we could do that; right? And then we are oversubscribed
24 some more; right? But then the criteria, how they
25 respond --

1 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: We
2 already do include school districts. The public schools
3 are already eligible.

4 CHAIRPERSON PETERSEN: No private schools. They
5 pay for their tires, too. Everybody pays for their
6 deposit on the tires.

7 COMMITTEE MEMBER BROWN: How much work would need
8 to be done to the criteria just to add other schools?

9 MS. MARTIN: I mean, probably not that much.

10 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: I
11 think we can do that internally based on your direction.
12 And it wouldn't change the timing of anything. Just so
13 you understood we will be even further oversubscribed and
14 have to have more applications to process and bring to
15 you. And we do that on a random -- not random but --

16 COMMITTEE MEMBER CHESBRO: The Tire Fund is not
17 oversubscribed, this particular subcategory so --

18 COMMITTEE MEMBER BROWN: We always reallocate.
19 And we have in the last two years I've been here and
20 probably every year, we've ended up by funding all of the
21 applicants with reallocation at the end.

22 COMMITTEE MEMBER CHESBRO: So what's the
23 definition of oversubscribed?

24 COMMITTEE MEMBER BROWN: I think the budget last
25 year was 1.2 and we ended up --

1 MS. MARTIN: I think last year was 1.8. This
2 year we have 2.4. No. Last year was 2.4, and we gave out
3 a little over 4.1.

4 COMMITTEE MEMBER CHESBRO: So we do have the
5 authority to reallocate. So oversubscribed isn't
6 necessarily a permanent condition if the Board chooses to
7 move resources in to cover them.

8 COMMITTEE MEMBER BROWN: We've done a List A and
9 List B.

10 COMMITTEE MEMBER CHESBRO: I was along the same
11 lines. I was contacted by someone with regards to
12 playgrounds that are in housing developments that are
13 nonprofit housing corporations. They essentially build
14 low-become housing, non profits. Not for profits.

15 COMMITTEE MEMBER BROWN: Community housing.

16 COMMITTEE MEMBER CHESBRO: Low-cost housing that
17 remains in the ownership of the nonprofit. So there's
18 actually a couple categories of nonprofits it seems to me
19 you might want to consider adding.

20 CHAIRPERSON PETERSEN: Well, I'd like to pursue
21 that.

22 COMMITTEE MEMBER BROWN: I concur.

23 CHAIRPERSON PETERSEN: Thank you, Howard.

24 COMMITTEE MEMBER BROWN: I think there's always a
25 concern with delaying the putting these grant

1 eligibilities out on the streets and making our timing.

2 But if we could open it up for a broader array of

3 organizations that may need it more than a public school

4 district like community housing, low-income housing,

5 nonprofit schools --

6 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: We'll

7 go forth with that direction and won't change the timing

8 fortunately. And we'll report back to you when we get the

9 applications in.

10 CHAIRPERSON PETERSEN: Do you want to bring this

11 back to the full Board and --

12 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: That's

13 up to you. We have your direction. If you'd like us

14 to --

15 CHAIRPERSON PETERSEN: We're all in concurrence,

16 I think. We'll keep it on schedule then.

17 So with that, is there any other questions? Do I

18 hear a motion?

19 COMMITTEE MEMBER BROWN: I move Resolution

20 2007-157.

21 COMMITTEE MEMBER CHESBRO: Second.

22 CHAIRPERSON PETERSEN: Seconded by Member

23 Chesbro.

24 Deb, the roll, please.

25 EXECUTIVE ASSISTANT BALLUCH: Brown?

1 COMMITTEE MEMBER BROWN: Aye.

2 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

3 COMMITTEE MEMBER CHESBRO: Aye

4 EXECUTIVE ASSISTANT BALLUCH: Petersen?

5 CHAIRPERSON PETERSEN: Aye.

6 That goes to consent. Thank you.

7 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Next
8 to last item I think is Consideration of Grant Awards for
9 the Targeted RAC Incentive Grant Program. Elena Yates
10 will present that item. This is our monthly or usually
11 monthly item on this.

12 MS. YATES: Good afternoon, Chairman Petersen and
13 Board members.

14 Today, I'll present staff's recommendation for
15 this month's award for the Targeted RAC Incentive Grant
16 Program. Staff received two eligible applications for a
17 total of \$311,365.

18 The applicants are: The County of Yolo, funding
19 recommendation \$200,000; The City of Maywood, funding
20 recommendation \$111,365.

21 Staff recommends the Board approve the proposed
22 award and adopt Resolution 2007-158 Revised.

23 This concludes my presentation. Are there any
24 questions?

25 CHAIRPERSON PETERSEN: Any questions or comments?

1 Do I hear a motion?

2 COMMITTEE MEMBER CHESBRO: I move it.

3 COMMITTEE MEMBER BROWN: Second it.

4 CHAIRPERSON PETERSEN: Deb.

5 EXECUTIVE ASSISTANT BALLUCH: Brown?

6 COMMITTEE MEMBER BROWN: Aye.

7 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

8 COMMITTEE MEMBER CHESBRO: Aye.

9 EXECUTIVE ASSISTANT BALLUCH: Petersen?

10 CHAIRPERSON PETERSEN: Aye.

11 Last but not least, Howard.

12 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON:

13 Definitely not least in the hierarchy.

14 Consideration of Grant Awards for the Reuse

15 Assistance Grants Program, otherwise known as the RAGS

16 program. Judy Friedman is going to present that.

17 Rachelle Tarver, our staff person, is out today. So Judy

18 is kind of stepping in to help out.

19 BRANCH MANAGER FRIEDMAN: Good afternoon,

20 Chairman Petersen and Board members.

21 I do have a PowerPoint presentation, but I know

22 the hour has advanced. If you would prefer, I can cut to

23 the chase. It's totally up to you.

24 CHAIRPERSON PETERSEN: Cut to the chase. That

25 would be wonderful.

1 BRANCH MANAGER FRIEDMAN: Obviously, all the
2 information is in the agenda item and in the PowerPoint,
3 which is going to be posted on BAWDS, if it hasn't
4 already.

5 And this is Agenda Item 22, as Howard said,
6 Consideration of Awards for the Reuse Assistance Grant
7 Program, Fiscal Year 2007-2008 offering.

8 And briefly, the grant program is designed --
9 it's a \$250,000 allocation designed to maximize the
10 following four objectives: Develop enhanced reuse
11 infrastructure and market at the local level; increase
12 reuse activities to reduce waste disposal, establish
13 partnership between various entities, and educate
14 communities about the benefits of reuse. All of these
15 applicants have done that.

16 There are a couple options for the Board. Staff
17 recommends approving the proposed awards and adopt
18 Resolution Number 2007-160 to award full funding to the
19 five highest scoring applicants and partial funding to the
20 sixth highest scoring applicant. And if additional funds
21 become available, to provide additional funding to the
22 sixth applicant up to \$16,400 and to direct staff to enter
23 into grant agreements with the awarded applicants.

24 That concludes my presentation unless you have
25 questions.

1 CHAIRPERSON PETERSEN: No. Thank you, Judy.

2 This is great. I really like this.

3 Any other questions or comments?

4 COMMITTEE MEMBER CHESBRO: I'm very pleased since

5 I'm always griping about us not doing enough on the

6 hierarchy, this is top of the hierarchy. So good news.

7 Secondly, just as a question, how many of the

8 applicants -- were there more applicants that didn't get

9 funded?

10 BRANCH MANAGER FRIEDMAN: No. All of the

11 eligible applicants were funded at this time. We did

12 receive a couple applications where they didn't pass the

13 minimum score. And actually two that were not eligible

14 and one that didn't pass the minimum score.

15 COMMITTEE MEMBER CHESBRO: I move it.

16 CHAIRPERSON PETERSEN: Just one comment. Now, I

17 understand that is there a possibility of us upping the

18 grant award amount available.

19 BRANCH MANAGER FRIEDMAN: That would require a

20 budget change proposal and request. We've had that

21 discussion I know in the Committee and the Board meeting

22 before. It's totally at the direction of the Board.

23 CHAIRPERSON PETERSEN: Well, I, for one, would

24 like to see maybe we do that so we can get some larger

25 programs funded that do make big impacts.

1 BRANCH MANAGER FRIEDMAN: This is a \$250,000
2 allocation only, and the maximum award is only 50,000 from
3 us.

4 CHAIRPERSON PETERSEN: The problem with all this
5 is I can think of one instance on the central coast with
6 the RAG recyclers doing all the stuff of the thrift
7 stores. I mean, for them to have a \$50,000 grant award
8 for this, I mean, I see what he needs to do and he's doing
9 doing a yeoman's job in this program. That's not enough
10 money. It's a start, but it needs a higher ceiling on
11 this thing. I'm just proposing that.

12 COMMITTEE MEMBER BROWN: Howard.

13 CHAIRPERSON PETERSEN: Howard.

14 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: This
15 would be certainly something based on your direction we
16 can consider in the BCP cycle as part of the normal
17 budgetary deliberations.

18 CHAIRPERSON PETERSEN: Would you, please?

19 SUSTAINABILITY PROGRAM DIRECTOR LEVENSON: Sure.

20 CHAIRPERSON PETERSEN: With that, I don't have
21 any other questions.

22 COMMITTEE MEMBER BROWN: The other project would
23 be funded during reallocation, the sixth project.

24 BRANCH MANAGER FRIEDMAN: It could be as you
25 determine. Yeah. We have in the past done that with

1 previous grant cycles where we don't have a sufficient
2 funds in the allocation. So that's completely up to your
3 disqualified correction as well.

4 COMMITTEE MEMBER BROWN: Okay. Second it.

5 CHAIRPERSON PETERSEN: Deb.

6 EXECUTIVE ASSISTANT BALLUCH: Brown?

7 COMMITTEE MEMBER BROWN: Aye.

8 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

9 COMMITTEE MEMBER CHESBRO: Aye.

10 EXECUTIVE ASSISTANT BALLUCH: Petersen?

11 CHAIRPERSON PETERSEN: Aye.

12 Fiscal consent.

13 Any other business? One more. We are done. We
14 are done. Thank you, everybody. Great job.

15 (Thereupon the California Integrated Waste
16 Management Market Development And Sustainability
17 Committee adjourned at 1:07 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, TIFFANY C. KRAFT, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing hearing was reported in shorthand by me,
7 Tiffany C. Kraft, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said hearing nor in any
12 way interested in the outcome of said hearing.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 24th day July, 2007.

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